



Field of Schemes:

If You Build It, They Won't Come

David Einhorn, Greenlight Capital
Value Investing Congress
October 13, 2010

Field Of Dreams

“America has rolled by like an army of steamrollers. It’s been erased like a blackboard, rebuilt, and erased again. But baseball has marked the time. This field, this game, is a part of our past, Ray. It reminds us of all that once was good, and that could be again.”

- Terrence Mann, “Field of Dreams” 1989



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○ Introduction to The St. Joe Company

Ticker: JOE

Stock Price as of 10/12/10: \$24.54

Shares Outstanding: 92.7 million

Market Cap: \$2.27 billion

○ Introduction to The St. Joe Company

JOE was incorporated in 1936

The general purposes of the Company were to:

- Manufacture, buy, sell, import, and export pulpwood, woodpulp, paper, paperboard, and all raw materials and by-products thereof
- Deal in and dispose of all kinds of real and personal property

○ Introduction to The St. Joe Company

After decades of being a paper company with vast timber holdings, JOE made a strategic shift

- JOE hired Peter Rummell from Disney in 1997
 - Prior to joining St. Joe, Mr. Rummell served as President of Disney Development and as Chairman of Walt Disney Imagineering, the division responsible for Disney's worldwide creative design, real estate, research and development activities

○ What Exactly is Imagineering?



*“The custom at Imagineering has been to start the creative process with the **boldest, wildest, best idea** one can come up with. Many Imagineers consider this to be the true beginning of the design process and operate under the notion that **if it can be dreamt, it can be built.**”*

-Wikipedia

Imagineering

St. Joe took a more aggressive approach to its land holdings by becoming an active land developer

“...This stretch of beach will be branded a national destination with the same kind of recognition as Nantucket, Hilton Head Island, or Napa.”

– Peter Rummell, CEO Q1 2007 Earnings Call
(referencing WindMark and Port St. Joe)

NANTUCKET



HILTON HEAD ISLAND



NAPA



PORT ST. JOE & WINDMARK



Land Development Through the Boom

In 2000, JOE owned “nearly 1 million acres”

- Consisted of approximately 700,000 acres of pine forests plus 300,000 acres of mixed timber, wetlands, lake and canal
- Included 23 million tons of standing pine and 11 million tons of hardwood inventory



What Has JOE Done Over the Past 10 Years?

Pre-tax Profit (in millions \$)

	<u>'00</u>	<u>'01</u>	<u>'02</u>	<u>'03</u>	<u>'04</u>	<u>'05</u>	<u>'06</u>	<u>'07</u>	<u>'08</u>	<u>'09</u>	<u>Total</u>
Rural Land	94	64	68	78	55	51	73	100	133	10	724
Timber/ Forestry	14	9	8	8	9	4	5	3	4	5	69
Real Estate Dev & Other	47	(2)	154	50	68	109	(25)	(83)	(199)	(220)	(99)
St. Joe Total Pre- tax Profit	154	71	230	136	133	164	53	19	(61)	(205)	693

JOE's profits come from Rural Land sales

Source: JOE 2002-2009 10-Ks (most recently reported data)

Note: Real Estate Development & Other values combine Residential Real Estate, Commercial Real Estate and Other segments



What Has JOE Done Over the Past 10 Years?

	<u>Dec 31, 1999</u>	<u>Dec 31, 2009</u>	<u>Last 10 Years</u>
Acres owned	1,086,780 ⁽¹⁾	577,000	(509,780)
Retained Earnings ⁽²⁾	\$568M	\$916M	\$348M
Dividends Paid ⁽²⁾			<u>\$214M</u>
Retained Earnings + Dividends			\$562M

Retained Earnings + Dividends Per Acre Sold → \$1,102

(1) JOE's 2000 10-K claimed JOE owned "nearly one million acres." JOE has sold 509,780 acres of rural land from 2000-2009 and owns 577,000 acres as of December 31, 2009 (JOE 2009 10-K)

(2) JOE 2002-2009 10-Ks (most recently reported data). 1999 excludes \$393.8M in retained earnings attributable to Florida East Coast Industries which was spun-off in 2000.

What Do You Own When You Buy JOE?

- 577,000 acres of “low-basis” land in Northwest Florida
- 70% of land holdings within 15 miles of the coast of Gulf of Mexico
- “Proven development expertise”
- 41,000 entitled acres
 - Allows for development of 43,000 residential units and over 13 million square feet of commercial space
 - Development opportunities around new international airport

New Airport

New Airport

As far back as recorded transcripts go (Q3 '05), JOE has been talking about its efforts to develop West Bay via the relocation of the Panama City Airport

- Securing entitlements
- State of Florida permits
- FAA's Record of Decision approving relocation

JOE donated 4,000 acres of land to the Airport Authority

JOE agreed to backstop Southwest Airlines' operating losses for 3 years, if necessary

○ New Airport as Catalyst

“We have great assets, we are in Northwest Florida, 300,000 of our acres are within 40 miles of that new airport. We have development expertise; we have an extremely strong balance sheet to weather whatever storms coming our way. We have a new international airport unprecedented in the United States and we are poised for growth.”

-Britt Greene, CEO
Raymond James Conference 3/9/10

Bullish Airport Land Valuation

In October 2007, Leucadia agreed to purchase the land at the old Panama City Airport to redevelop it

- Purchased 708 acres for \$80,000/ acre⁽¹⁾

Bulls use this to say one should value JOE's 35,000 acres around the new airport at \$60,000/ acre

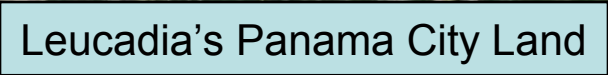
- 35,000 acres x \$60,000 per acre = \$2.1 billion⁽²⁾

If the land around the airport is worth \$2.1 billion, bulls claim you are getting the other 500,000 acres “for free”

(1) Leucadia National Corp 2009 10-K, p.20

(2) Broyhill Asset Management, “Buy When There’s Oil in the Water” presentation Q2 2010

Leucadia's Panama City Airport



Northwest Florida Beaches Airport



JOE's Northwest Florida Beaches Land

○ The International Airport is Here!



Northwest Florida Beaches Int'l Airport



1,400 of the best acres for development are “Inside The Fence”

- This land is owned by the Airport Authority, not JOE
- Applications are in process for land “inside the fence” to be a free-trade-zone
- The Airport Board can issue tax free debt to construct buildings for end users
- The Airport Board says it has no contracts with end users

○ All of JOE's Land is Outside the Fence



All of JOE's land is "Outside The Fence"

- Must compete for sales and lease opportunities with Airport-owned land located "Inside The Fence"

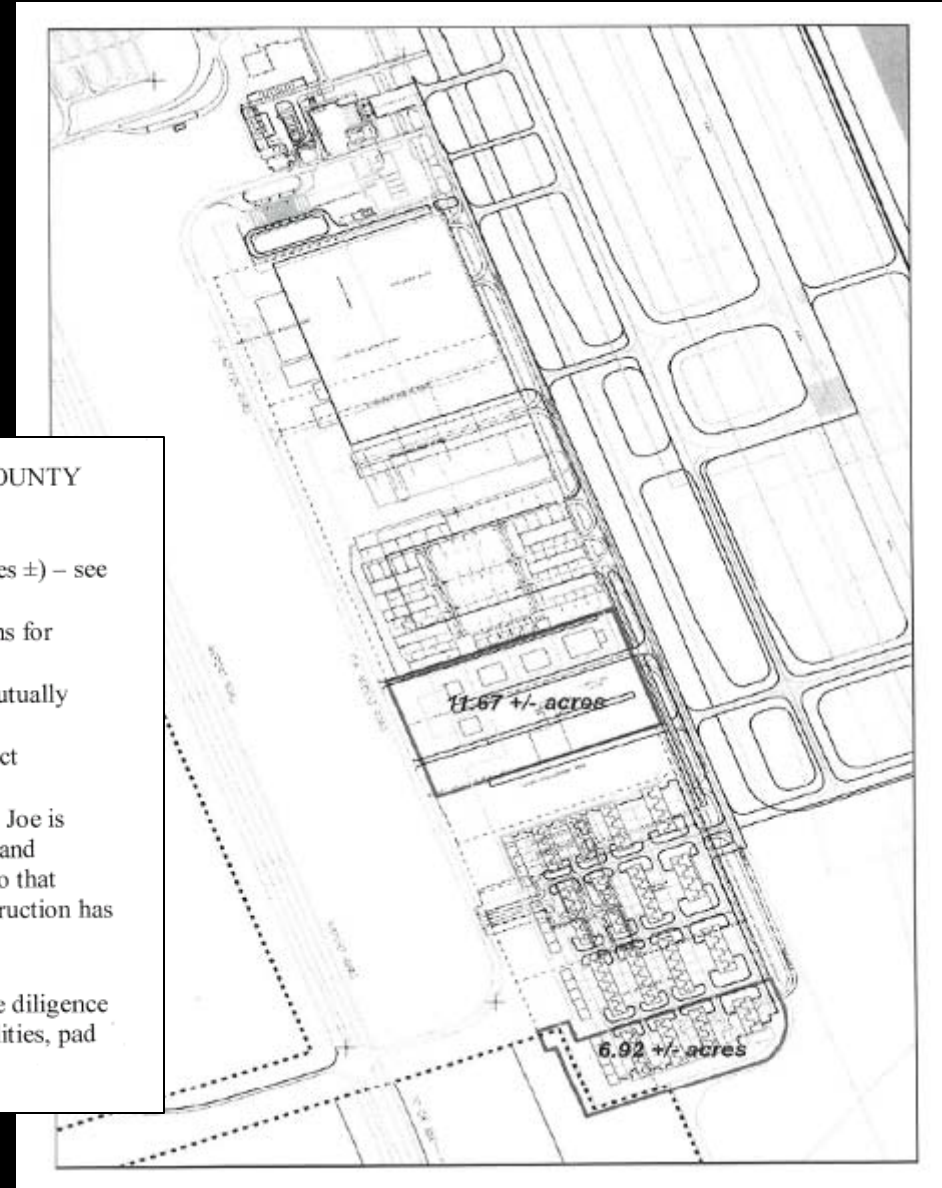
Does JOE know they have to compete against better located land?

Apparently, they figured it out...

JOE is proposing to re-lease
the same land it gave away

TERM SHEET RELATED TO LEASE BETWEEN PANAMA CITY-BAY COUNTY AIRPORT & INDUSTRIAL DISTRICT AND THE ST. JOE COMPANY

- Lease of two parcels by St. Joe (Parcel A = 11 acres \pm ; Parcel B = 6 acres \pm) – see attached.
- Development plan for each parcel to be delivered by St. Joe in 12 months for approval by District, not to be unreasonably withheld.
- Rent = \$.30/sf with annual CPI adjustments; prepayment option with mutually acceptable discount.
- St. Joe to sublease all or portions to End Users who are subject to District approval, not to be unreasonably withheld
- At end of 3rd year and every third year thereafter, review to confirm St. Joe is executing on development plan. At each three year checkpoint, St. Joe and District will have option to terminate lease under certain conditions as to that portion of the property where no sublease tenant exists or vertical construction has occurred.
- Lease term of 30 years plus two 10 year renewal options.
- Due diligence period ... rent starts the later of the completion of the due diligence period or District's completion of site improvements (roads, access, utilities, pad ready).



Northwest Florida Beaches Int'l Airport

JOE has yet to sign any joint venture partners ⁽¹⁾

There are no third party deals or developments ⁽¹⁾

What *is* there? Piles of dirt

- JOE management has promised to begin construction of its new headquarters by October ⁽²⁾
- No permits for vertical development currently on record ⁽¹⁾



(1) FOIA request sent to The Airport Authority Board
(2) Q2 2010 earnings call transcript

What are the remaining
577,000 acres worth?

Timberland and Rural Land Value

JOE Land Sales, 2000 - 2009

Year	Acres	Sales Price	Price/Acre
2009	6,967	\$14,310,000	\$2,054
2008	107,677	\$162,054,000	\$1,505
2007	105,963	\$161,276,000	\$1,522
2006	34,336	\$89,995,000	\$2,621
2005	28,958	\$68,862,000	\$2,378
2004	20,175	\$68,091,000	\$3,375
2003	64,903	\$96,511,000	\$1,487
2002	44,583	\$84,100,000	\$1,886
2001	44,619	\$76,100,000	\$1,706
2000	51,599	\$105,600,000	\$2,047
Total	509,780	\$926,899,000	\$1,818



Timberland and Rural Land Value

Description of Transactions	Date	Acres	Sales Price	Price/ Acre
International Paper Property Sale ⁽¹⁾	2010	163,000	\$235,000,000	\$1,442
U.S. South Region Timberland Sales ⁽²⁾	2010	149,000	\$226,480,000	\$1,520
U.S. South Region Timberland Sales ⁽²⁾	2010	79,000	\$97,280,000	\$1,231
Timbervest LLC Purchase ⁽³⁾	2009	1,587	\$2,376,900	\$1,498
International Paper Forestland Sale ⁽⁴⁾	2006	5,100,000	\$6,100,000,000	\$1,196
International Paper Forestland Sale ⁽⁴⁾	2006	476,000	\$401,000,000	\$842
International Paper Forestland Sale ⁽⁴⁾	2006	76,000	\$97,000,000	\$1,276
Total		6,044,587	\$7,159,136,900	\$1,184

(1) IP 2Q 2010 10-Q, p.26; IP 2Q 2010 Review presentation dated July 28, 2010

(2) Timber Mart-South Market News Quarterly, 2nd Quarter 2010 – Vol.15 No.2-A

(3) Walton County, FL property appraiser's December 2009 sale list

(4) IP 10-K, 2006 p.21

JOE's Timberland/Rural Land Value

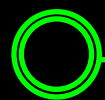
JOE's Total Acres Owned	577,000
Entitled Acreage	<u>41,000</u>
Remaining Timberland/Rural Land Acreage	536,000

Valuation Range:

Price/Acre	\$1,200	\$1,500	\$1,800
Value of Timberland/ Rural Land Acreage	\$643M	\$804M	\$965M

Conclusion: ~\$800M Valuation

What are the 41,000 acres
of entitled land worth?



Where is JOE's Land?



Land-use Entitlements

“When we first embarked on our highest and best use strategy, our priority was to seek as many land-use entitlements for commercial and residential development in our region as possible. This continues to be one of our core competencies, and we now have land-use entitlements totaling over 31,000 residential units and approximately 11.6 million square feet of commercial space. Our opportunities are significant, and we believe that by taking measured risks, we will be able to extract meaningful value.”

- St. Joe 2010 Letter to Shareholders



JOE Condensed Balance Sheet

Balance Sheet as of Dec. 31, 2009 (in millions \$)	
Investment in Real Estate	
Operating Property	235.7
Development Property	537.8
Investment Property	8.2
Investment in Unconsolidated Affiliates	2.8
Less: Accumulated Depreciation	(35.0)
Total Investment in Real Estate	749.5
Cash and Cash Equivalents	163.8
Other Assets	184.8
Total Assets	1,098.1
Debt	39.5
Other Liabilities	163.4
Total Liabilities	202.9
Total Equity	895.2
Total Liabilities + Equity	1,098.1



JOE Real Estate Carrying Value by Type

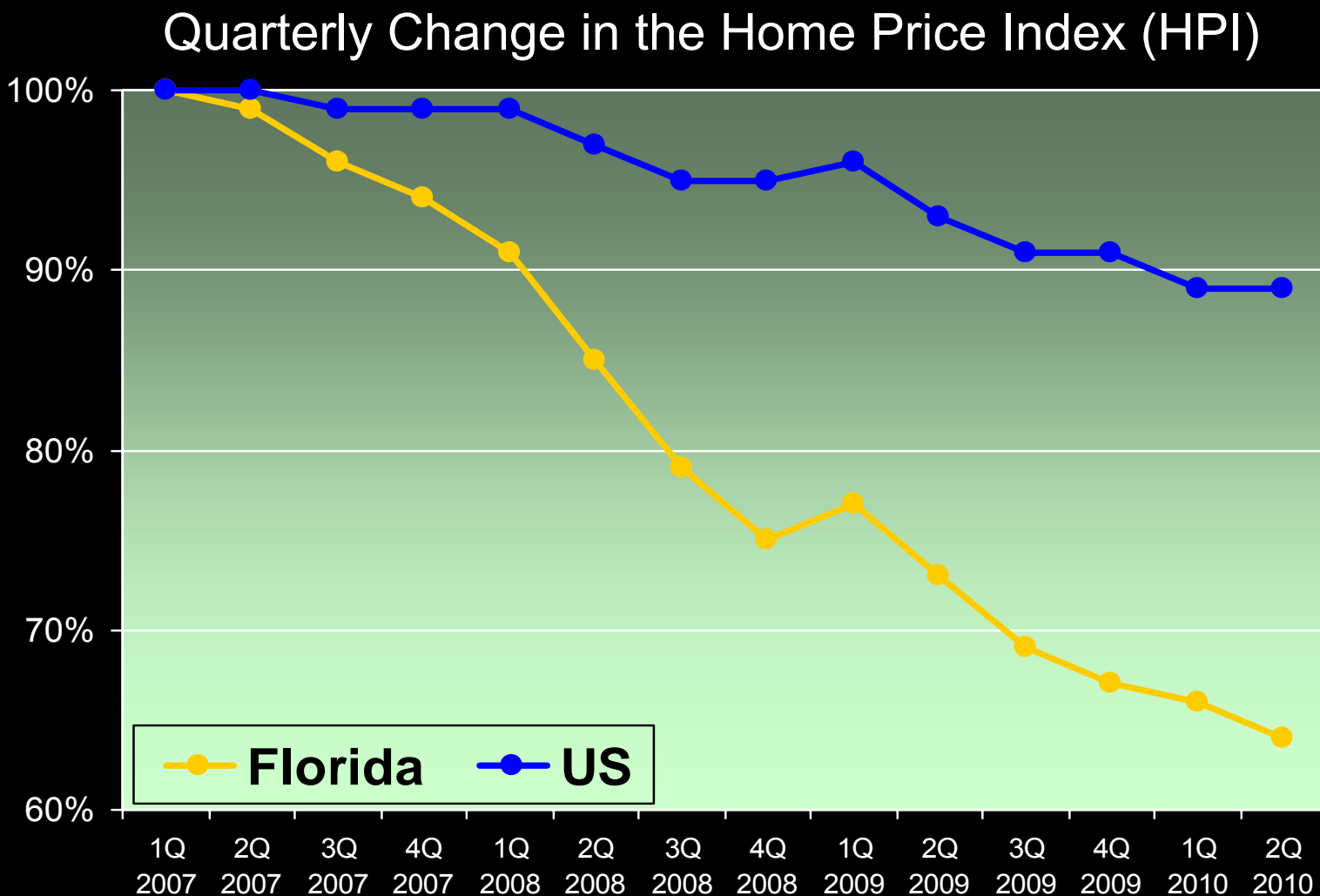
(in millions \$) ⁽¹⁾	
Land with Infrastructure	63.9
Buildings	172.9
Residential	476.6
Timberlands	60.5
Unimproved Land	7.8
Subtotal	781.7
Less: Accumulated Depreciation	(35.0)
Total Investment in Real Estate ⁽²⁾	746.7

(1) JOE 2009 10-K

(2) Does not include \$2.8 million related to JOE's real estate investment in unconsolidated affiliates. Including this amount results in total investment in real estate of \$749.5 million.



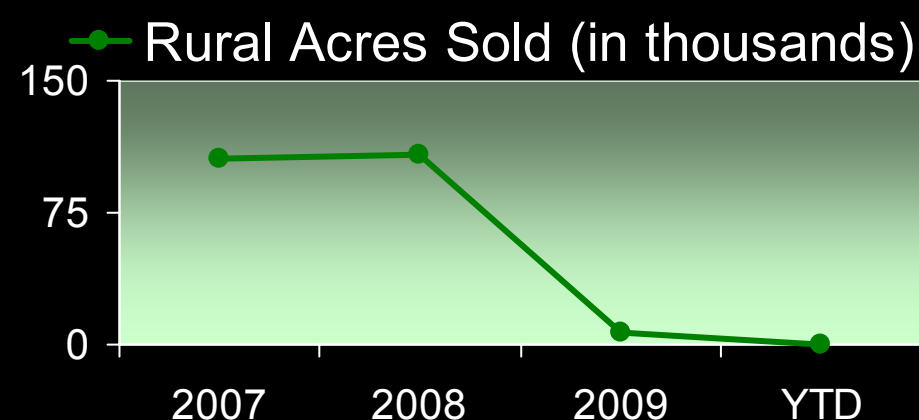
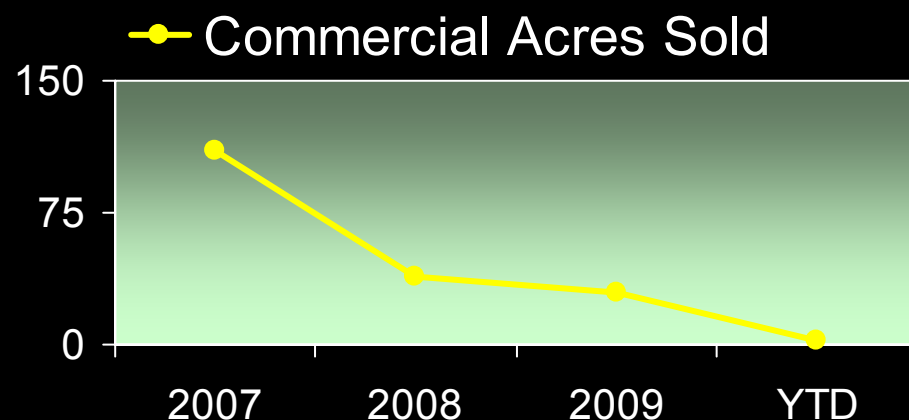
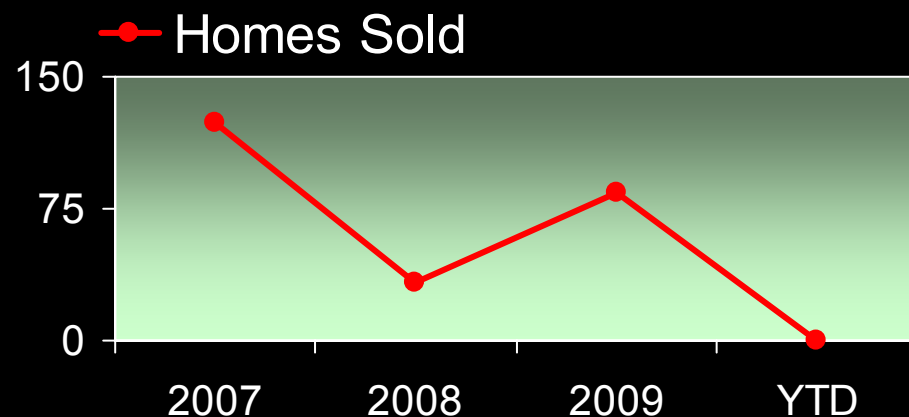
Home Prices – Florida vs. U.S.



Florida has been hit very hard



JOE's Business Has Essentially Stopped



JOE Condensed Income Statement

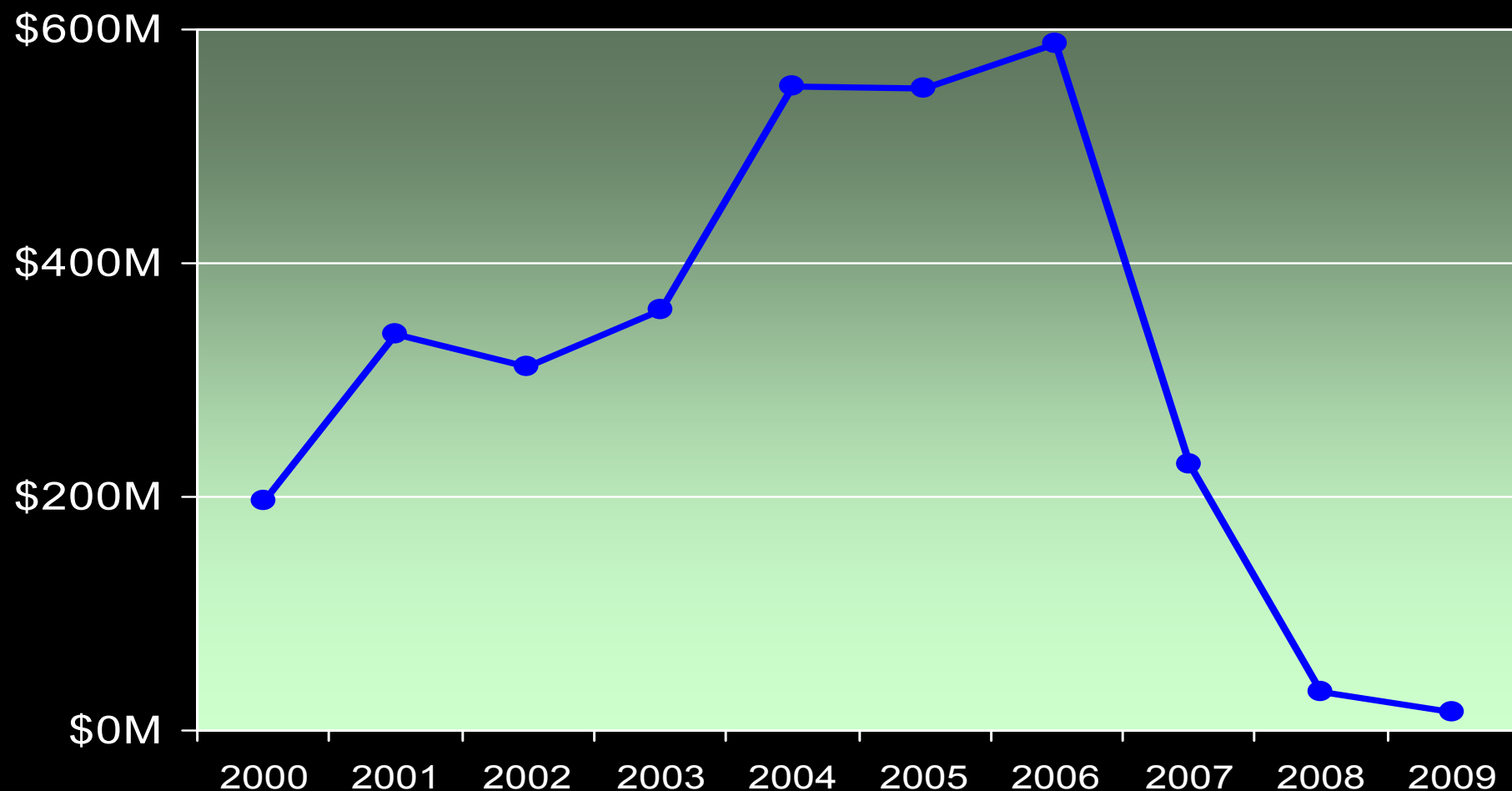
Income Statement YTD as of June 30, 2010 (in millions \$)	
Revenues	
Real Estate Sales	4.7
Resort and Club Revenues	15.4
Timber Sales	14.2
Other Revenues	<u>1.1</u>
Total Revenues	35.3
Total Cost of Revenues	28.5
Gross Profit	6.9
Other Operating Expenses	15.5
Corporate Expense, Net	13.5
D&A	6.9
Impairment Losses	0.6
Restructuring Charges	2.7
Operating Loss	(32.3)
Net Loss	(20.0)
Net Loss Per Share	(\$0.22)

Source: 2Q 2010 10-Q (note: totals may not tie due to rounding)



JOE's Business Has Essentially Stopped

Cash Expenditures for Operating Properties



Impairments

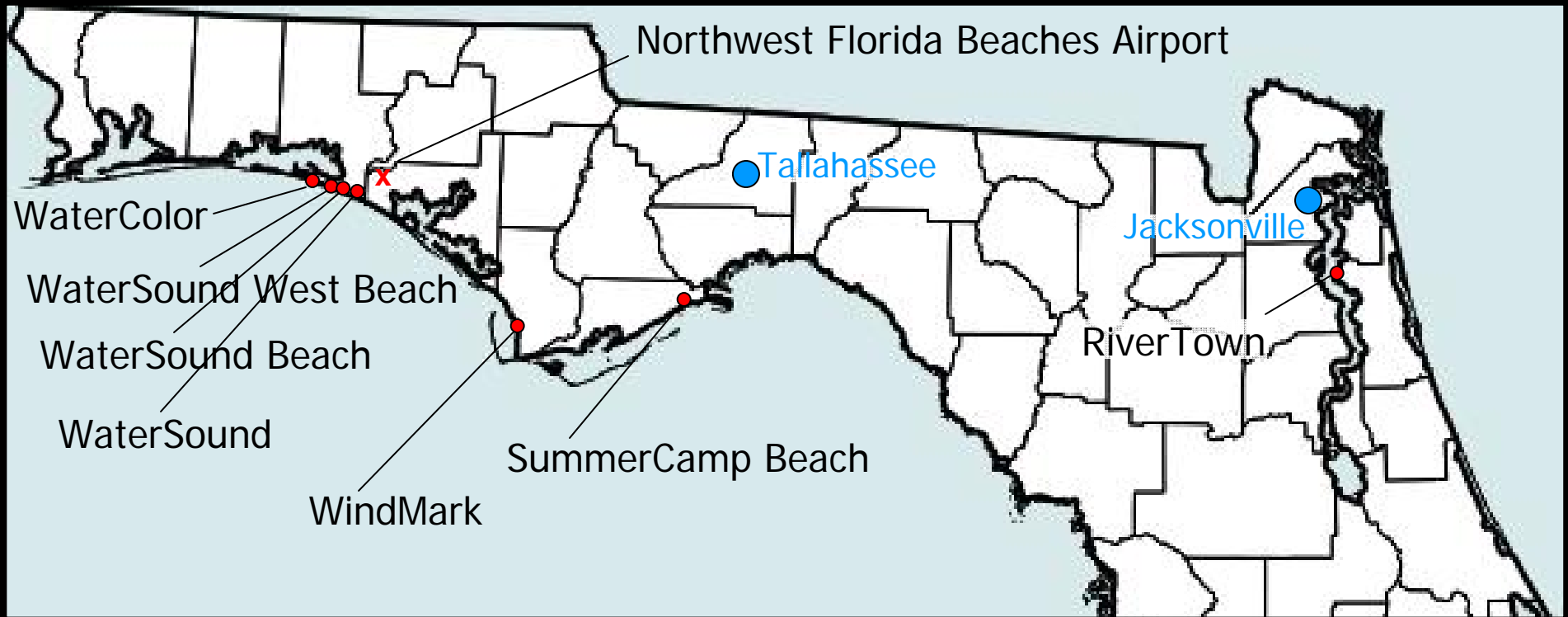
Despite making huge investments ahead of the bust, JOE has taken only modest write-downs

in millions \$	<u>2007</u>	<u>2008</u>	<u>2009</u>
Impairment of Investment in Real Estate:			
Homes and Homesites	\$7.8	\$12.0	\$7.3
Abandoned Development Plans	<u>\$5.2</u>	--	<u>\$7.2</u>
Total	\$13.0	\$12.0	\$14.5
Investment in Real Estate (As of Dec. 31)	\$944.5	\$890.6	\$749.5

Source: JOE 2009 10-K and JOE 2008 10-K

Note: Impairment of investment in real estate excludes the Victoria Park community and the SevenShores condominium and marina development project as these developments were sold and are no longer part of JOE's continuing operations.

JOE's Major Active Developments



JOE's Active Projects In Development

Projects In Development	County	Project Acres	Project Units	Project Units Sold	Remaining Residential Units	Remaining Commercial Entitlements
Artisan Park	Osceola	175	616	616	-	-
Hawks Landing	Bay	88	168	143	25	-
Landings at Wetappo	Gulf	113	24	7	17	-
RiverCamps	Bay	1,491	408	191	217	-
RiverSide at Chipola	Calhoun	120	10	2	8	-
RiverTown	St. Johns	4,170	4,500	30	4,470	500,000sf
SouthWood	Leon	3,370	4,770	2,535	2,235	4,535,588sf
SummerCamp Beach	Franklin	762	499	82	417	25,000sf
WaterColor	Walton	499	1,140	913	227	47,600sf
WaterSound ⁽¹⁾	Walton	2,743	2,142	514	1,628	486,380sf
Wild Heron	Bay	17	28	2	26	-
WindMark Beach	Gulf	2,020	1,516	148	1,368	76,157sf
Total		15,568	15,821	5,183	10,638	5,670,725sf

Source: JOE 2009 10-K

Note: (1) Combines WaterSound, WaterSound Beach and WaterSound West Beach

JOE Real Estate Carrying Value by County

As of Dec. 31, 2009 (in millions \$) ⁽¹⁾	
Bay County, Florida	143.7
Calhoun County, Florida	8.2
Duval County, Florida	3.0
Franklin County, Florida	47.1
Gadsden County, Florida	6.8
Georgia	22.3
Gulf County, Florida	233.9
Jefferson County, Florida	1.0
Leon County, Florida	60.6
Liberty County, Florida	3.9
Other Florida Counties	0.3
St. Johns County, Florida	76.4
Wakulla County, Florida	0.9
Walton County, Florida	173.5
Subtotal	781.7
Less: Accumulated Depreciation	(35.0)
Total investment in Real Estate ⁽²⁾	746.7

(1) JOE 2009 10-K

(2) Does not include \$2.8 million related to JOE's real estate investment in unconsolidated affiliates. Including this amount results in total investment in real estate of \$749.5 million.

Development Deep Dive

JOE Real Estate Carrying Value by County

As of Dec. 31, 2009 (in millions \$)	
Bay County, Florida	143.7
St. Johns County, Florida	76.4
Walton County, Florida	173.5
Franklin County, Florida	47.1
Gulf County, Florida	233.9
Subtotal	674.6
Less: Accumulated Depreciation	(25.9)
Investment in Selected Real Estate	648.7

Represents ~86% of
JOE's Real Estate Carrying Value



Development Deep Dive

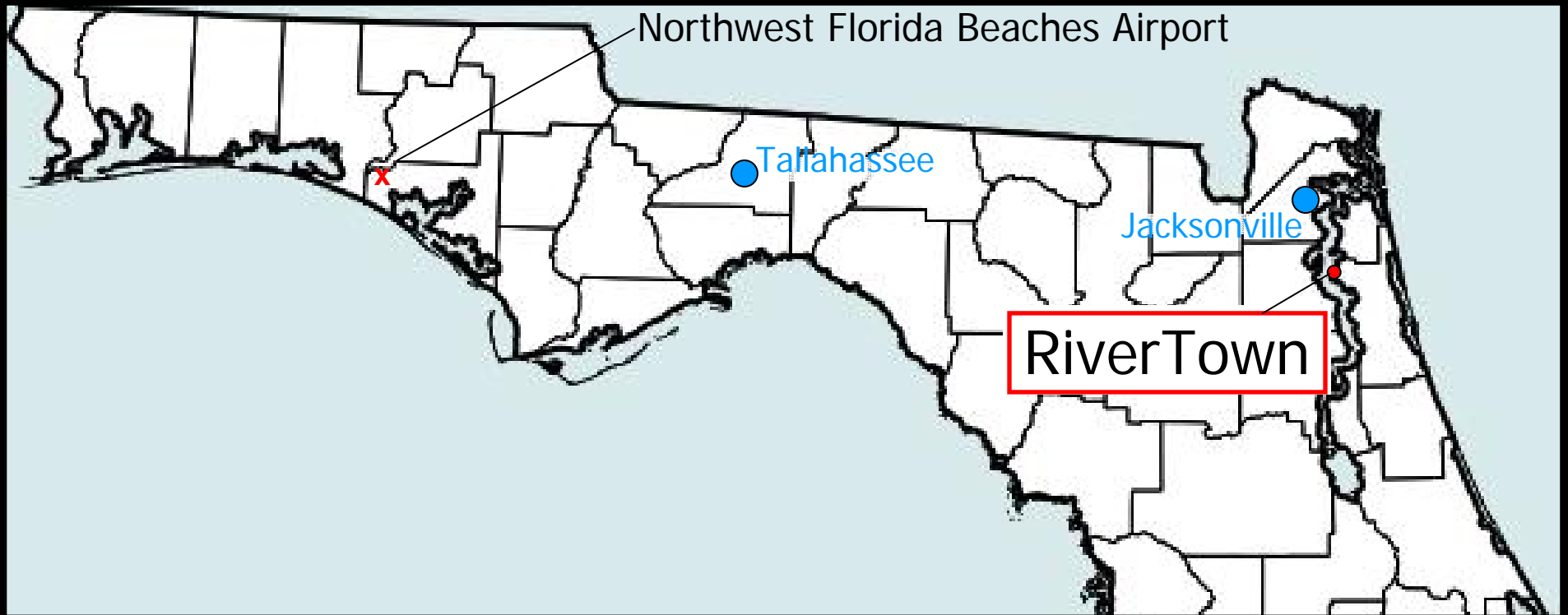
Development	River Town	Water Color	Water Sound	Summer Camp	Wind Mark
County	St. Johns	Walton	Walton	Franklin	Gulf
Planned Units	4,500	1,140	2,142	499	1,516
Developed Units	215	1,021	921	226	224
<i>% of planned</i>	5%	90%	43%	45%	15%
Units Sold	30	924	519	82	148
<i>% of planned</i>	<1%	81%	24%	16%	10%
Remaining Commercial Entitlements	500,000sf	47,600sf	486,380sf	25,000sf	76,157sf

Sources: JOE 2Q 2010 10-Q, JOE's Development of Regional Impact reports (DRIs), and county appraisal office records
Note: Developed units as per most recent DRI or, when not available, estimated based on county appraisal records

The logo features the text "RiverTown" in a white, serif font, centered within a horizontal band. This band has a green background with a subtle, repeating pattern of evergreen trees. The band is flanked by solid black areas above and below it.

RiverTown

RiverTown, St. Johns County



RiverTown

“RiverTown is situated on approximately 4,170 acres located in St. Johns County south of Jacksonville along the St. Johns River. With parks and public meeting places, RiverTown is being planned for 4,500 housing units and 500,000 square feet of commercial space.

RiverTown will have seven unique neighborhoods interwoven with community and retail areas by a series of bike paths and walkways, with all roads leading to the community’s centerpiece, the St. Johns river.

RiverTown will offer homebuyers a wide variety of price points and lifestyles, appealing to several different target markets, including primary and secondary home buyers. Construction of RiverTown started in 2006 and sales are expected to begin in 2007.”

– 2006 10-K, page 8



RiverTown

Table 1
Summary of Land-Use Entitlements ⁽¹⁾
Active St. Joe Residential and Mixed-Use Projects
June 30, 2010

Project	Class. ⁽²⁾	County	Project Acres	Project Units ⁽³⁾	Residential Units Closed Since Inception	Residential Units Under Contract as of 6/30/10	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.) ⁽⁴⁾
In Development: ⁽⁵⁾								
Hawks Landing	PR	Bay	88	168	149	—	19	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	191	—	217	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	30	—	4,470	500,000
SouthWood	PR	Leon	3,370	4,770	2,535	—	2,235	4,535,588
SummerCamp Beach	RS	Franklin	762	499	82	5	412	25,000
WaterColor	RS	Walton	499	1,140	924	1	215	47,600
WaterSound	RS	Walton	2,425	1,432	29	—	1,403	457,380
WaterSound Beach	RS	Walton	256	511	446	—	65	29,000
WaterSound West Beach	RS	Walton	62	199	44	—	155	—
Wild Heron ⁽⁶⁾	RS	Bay	17	28	2	—	26	—
WindMark Beach	RS	Gulf	2,020	1,516	148	1	1,367	76,157
Subtotal			15,393	15,205	4,589	7	10,609	5,670,725

RiverTown- "Moonscape"

IN THE CIRCUIT COURT OF THE SEVENTH JUDICIAL CIRCUIT, IN AND FOR ST. JOHNS COUNTY, FLORIDA

ISSA HOMES, INC., a Florida
corporation,

Plaintiff,

v.

THE ST. JOE COMPANY, a Florida
corporation,

Defendant.

Case No. CA09-1229

Division: 55

AMENDED COMPLAINT

Plaintiff, ISSA HOMES, INC. ("Plaintiff" or "Issa Homes"), files this Amended Complaint against the Defendant THE ST. JOE COMPANY ("Defendant" or "St. Joe") and alleges as follows:

INTRODUCTION

1. This is a simple case of Defendant St. Joe failing to live up to its obligations.
2. St. Joe is the developer of a very large community planned for the county. As part of that development process, St. Joe sought to bring on top-notch builders to construct the homes and other residences. Plaintiff Issa Homes was one of those top-notch builders that St. Joe courted and brought on board.
3. After some negotiating, St. Joe and Issa Homes reached an agreement under which Issa Homes would purchase lots in the community and build and sell homes upon them. Issa proceeded to close on nine lots and has built two homes. Neither has been sold. In fact, only two homes in the entire community have closed to date.

LAW OFFICES
BECKER & POLIAKOFF, P.A.
3111 STIRLING ROAD • FORT LAUDERDALE, FL 33312-6525
TELEPHONE (954) 987-7550

5

0009-1229

St. Joe's Plan for the Development Changes and Languishes in Limbo

24. In connection with the development of RiverTown, St. Joe cleared the land for two contiguous sections of the development.

25. For a variety of reasons, St. Joe's progress on RiverTown has grossly lagged behind its original plan.

26. To date, only 12 houses or other residences have been built (with only two having been closed on).

27. Also, only a small portion of the proposed streets, lights, and landscaping have been installed. As a result, the proposed development site looks more like a moonscape than a luxury development.

28. Even these completed streets, lights, and landscaping were more than six months behind schedule.

29. In fact, Issa Homes was forced to delay the completion of its spec and model homes because the lack of infrastructure prevented the securing of the required certificates of occupancy.

30. Upon information and belief, St. Joe no longer intends to develop the community in conformance with the Master Plan and does not have a firm plan for what the completed development will look like.

31. For example, St. Joe no longer intends on building some of the "districts" depicted in the Master Plan.

32. St. Joe no longer intends on developing the commercial and mixed use areas as depicted on the Master Plan.

5

LAW OFFICES
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JOE's Biennial Monitoring Report

BIENNIAL MONITORING REPORT for RIVERTOWN DEVELOPMENT OF REGIONAL IMPACT

RiverTown DRI 2008-2009 Biennial Monitoring Report
Page 2 of 2
January 28, 2010

We believe this biennial monitoring report provides an accurate summary of progress to-date at the RiverTown development. If you have any questions or need additional clarification, please contact Chris Kuhn, at 904-358-6018.

Sincerely,

Brian L. Underwood, AICP
The St. Joe Company

Attachments

Cc: Chris Kuhn, The St. Joe Company



January 31, 2010



RiverTown Development Progress

	Phase I 2005-2011	Phase II 2012-2016	Completed 2008-2009	Cumulative Completed
Single-Family Residential	2,200 D.U.s	1,500 D.U.s	12 Units	12 Units; 215 Lots Platted
Multi-Family Residential	400 D.U.s	400 D.U.s	None Completed	None Completed
Total Residential	2,600 D.U.s	1,900 D.U.s	12 Units	12 Units; 215 Lots Platted
Retail	50,000 S.F.	250,000 S.F.	None Completed	None Completed
Office	50,000 S.F.	50,000 S.F.	None Completed	None Completed
Light Industrial	50,000 S.F.	50,000 S.F.	None Completed	None Completed
Golf Course	18 Holes	--	None Completed	None Completed
Community Parks	186 Acres	--	37 Acres	37 Acres
Riverfront Park	58 Acres	--	In Progress	None Completed
Elementary Schools (2)	15 Acres	15 Acres	None Completed	None Completed
Middle School	25 Acres	--	None Completed	None Completed

RiverTown – JOE's Dream





RiverTown Costs to Develop

JOE's Estimated Costs to Develop Lots

TABLE 10
Main Street & Rivers Edge
Allocated Benefit and Debt Allocation
Bonds

Land Use	No. of Units (1)	Total Allocated Infrastructure Benefit	Total Par Debt	Total Par Debt per Unit	Maximum Annual Debt Service Assessments 2007	Maximum Annual Debt Service Assessments Per Unit (2)	
Single Family Residential	Lot Size Front Footage						
	30	56	\$2,548,805	\$3,479,336	\$62,131	\$250,092	\$4,751
	40	154	\$8,458,199	\$11,546,164	\$74,975	\$829,928	\$5,733
	50	521	\$33,517,167	\$45,753,792	\$87,819	\$3,288,741	\$6,715
	60	1,092	\$80,525,580	\$109,924,288	\$100,663	\$7,901,259	\$7,697
	70	938	\$82,880,697	\$113,139,223	\$120,618	\$8,132,345	\$9,223
	80	452	\$44,395,772	\$60,604,017	\$134,080	\$4,356,162	\$10,252
	90	232	\$25,075,144	\$34,229,711	\$147,542	\$2,460,401	\$11,282
	100	166	\$19,578,754	\$26,726,669	\$161,004	\$1,921,089	\$12,311
	Custom Lots	209	\$29,826,583	\$40,715,830	\$194,813	\$2,926,617	\$14,896
	Apartments	215	\$9,830,196	\$13,419,056	\$62,414	\$964,550	\$4,773
	Condos	96	\$5,010,389	\$6,839,608	\$71,246	\$491,625	\$5,448
	Townhomes	369	\$23,034,140	\$31,443,567	\$85,213	\$2,260,135	\$6,516
Total Residential:	4,500	\$364,681,426	\$497,821,261		\$35,782,944		

\$81,111 = JOE's estimated average cost to develop a lot in RiverTown

RiverTown Sales 2007

Prepared By: Lisa Kirkman
Residential Community Title Company
245 Riverside Avenue, Suite 500
Jacksonville, FL 32202
incidental to the issuance of a title insurance policy.
File Number: rvt-4
Parcel ID #:

COPY SPECIAL WARRANTY DEED

This SPECIAL WARRANTY DEED, dated 10/12/07 by The St. Joe Company, a Florida Corporation, whose address is 245 Riverside Avenue, Suite 500, Jacksonville, FL 32202, hereinafter called the GRANTOR, to WEEKLEY HOMES, L.P., A DELAWARE LIMITED PARTNERSHIP whose address is 1111 North Post Oak Road, Houston, TX 77055, hereinafter called the GRANTEE.

(Wherever used herein the terms "GRANTOR" and "GRANTEE" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals, and the successors and assigns of corporations.)

WITNESSETH: That the GRANTOR, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the GRANTEE, all that certain land situate in St. Johns County, FL, and more particularly described as follows:

Lots 2, 11, 45, 56, 58, and 59, RIVERTOWN MAIN STREET DISTRICT - SECTION 1, according to the plat thereof as recorded in Map Book 65, Pages 36 through 46 inclusive, of the Public Records of St. Johns County, Florida.

SUBJECT TO THE FOLLOWING:

1. Real property taxes, assessments and special district levies for the year 2007 and subsequent years.
2. Zoning and other regulatory laws and ordinances affecting the land.
3. Easements, rights of way, reservations and covenants and restrictions of record.
4. Community Charter for RiverTown as recorded in Official Records Book 2992, Page 468, Public Records of St. Johns County, Florida, as amended and supplemented.

JOE sold 6 lots to Weekley Homes in October 2007

Average price per lot:
\$72,133

RiverTown Sales 2010

Prepared by and return to:
Bruce J. Wiener
Gardner, Bist, Wiener,
Wadsworth & Bowden, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308
850-385-0070
File Number: 10.2448-1

Parcel-Id Numbers: 000702-0030 and 000702-0440

Special Warranty Deed

This **Special Warranty Deed** is made this 25th day of August, 2010, between **THE ST. JOE COMPANY**, a Florida corporation, whose mailing address is 3800 Esplanade Way, Suite 330, Tallahassee, Florida 32311 ("grantor") and **WEEKLEY HOMES, L.P.**, a Delaware limited partnership, whose address is 1111 North Post Oak Road, Houston, Texas 77055 ("grantee"):

(Whenever used herein the terms grantor and grantee include all the parties to this instrument and the heirs, legal representatives, and assigns of individuals, and the successors and assigns of corporations, trusts and trustees)

Witnesseth, that said grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable considerations to said grantor in hand paid by said grantee, the receipt whereof is hereby acknowledged, has granted, bargained, and sold to the said grantee, and grantee's heirs and assigns forever, the following described land, situate, lying and being in **St. Johns County, Florida**, to-wit:

Lots 3 and 44 of RIVERTOWN-MAIN STREET DISTRICT-SECTION 1, according to the Plat thereof as recorded in Map Book 63, Pages(s) 36-46, of the Public Records of St. Johns County, Florida

SUBJECT TO THE FOLLOWING:

1. Real property taxes, assessments and special district levies for the year 2010 and subsequent years.
2. Zoning and other regulatory laws and ordinances affecting the land.
3. Easements, rights of way, reservations, covenants, conditions, restrictions and other matters of record.
4. Community Charter for RiverTown ("Charter") as recorded in Official Records Book 2992, Page 568 of the Public Records of St. Johns County, Florida, as amended and supplemented.

JOE sold 2 lots to Weekley Homes in August 2010

Average price per lot:
\$31,250

57% decline in lot value

RiverTown





RiverTown – Aerial Photo



Source: St. Johns County Tax Appraisal Office

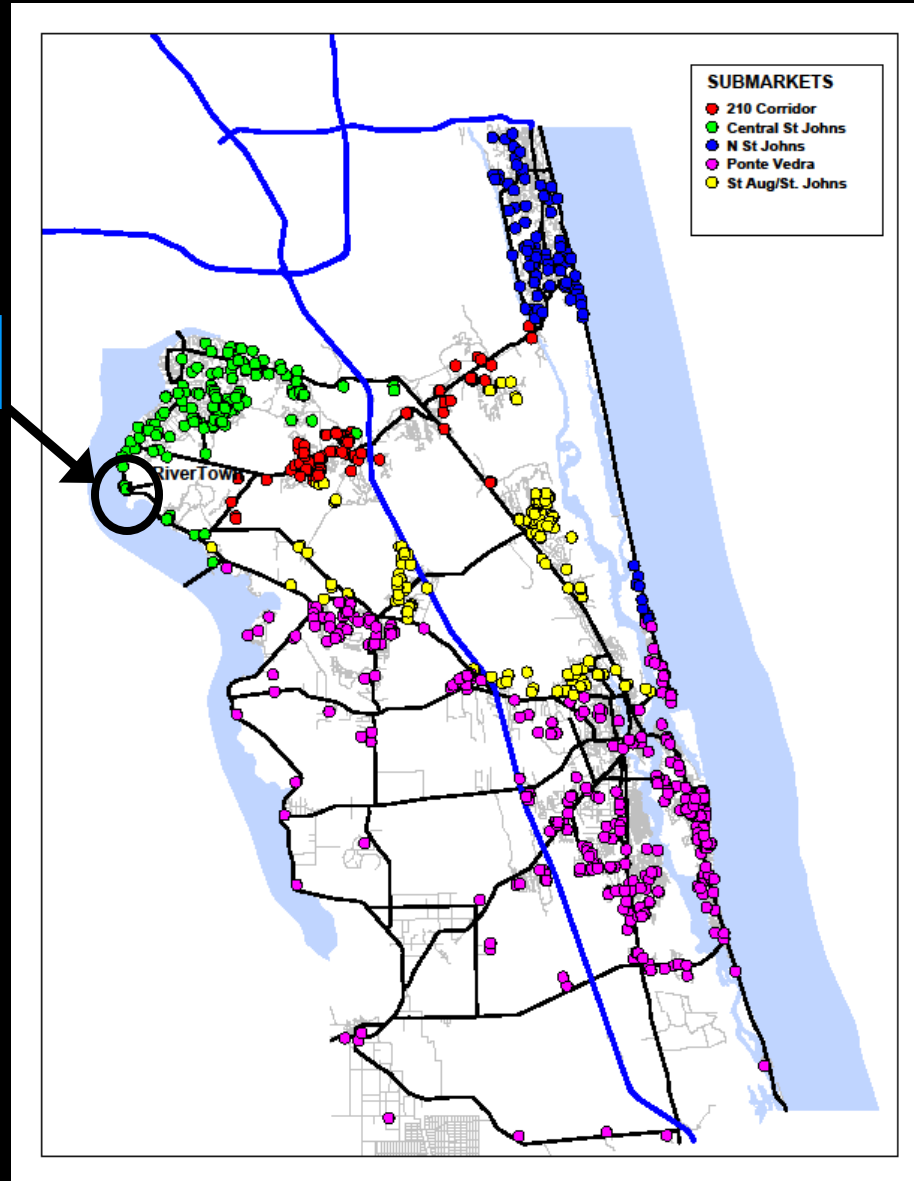
Note: * Depiction of lot sales represents data as available June, 2010

RiverTown - The Real Progress Report



St. Johns Vacant Developed Lot Inventory

RiverTown



St. Johns Vacant Developed Lot Inventory

Starts, Closings, and Inventory By Sub Market

St. Johns

Sub Market	% Share of Market Area		1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	Ann.Rates/ Inv. Supply
Central St. Johns (CSJ) <i>144 Subdivisions</i>	27%	Starts	126	151	125	57	74	63	76	64	80	283
	29%	Closings	169	246	144	124	102	94	83	75	83	335
	31%	Housing Inv	651	556	537	470	442	411	404	393	390	14.0 mos
	28%	VDL Inv	2,826	2,675	2,799	2,742	2,668	2,635	2,559	2,467	2,506	106.3 mos
St. Johns Total <i>676 Subdivisions</i>	100%	Starts	270	303	398	224	190	277	271	249	254	1,051
	100%	Closings	494	582	393	343	311	307	279	311	261	1,158
	100%	Housing Inv	1,897	1,618	1,623	1,504	1,383	1,353	1,345	1,283	1,276	13.2 mos
	100%	VDL Inv	9,729	9,808	10,180	9,965	9,850	9,676	9,483	9,134	8,992	102.7 mos

Nearly 9 years of inventory

RiverTown Carrying Value

THE St. JOE COMPANY

SCHEDULE III (CONSOLIDATED) — REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 2009 (in thousands)

Description	Initial Cost to Company				Carried at Close of Period			Accumulated Depreciation
	Encumbrances	Land	Buildings & Improvements	Costs Capitalized Subsequent to Acquisition	Land & Land Improvements	Buildings and Improvements	Total	
<i>St. Johns County, Florida</i>	—	—	—	—	—	—	—	—
Land with infrastructure	—	1,016	—	—	1,016	—	1,016	—
Buildings	—	—	255	644	45	854	899	288
Residential	7,385	8,932	—	65,559	74,491	—	74,491	—

\$74.5M = Carrying value of RiverTown residential real estate

RiverTown Conclusions

RiverTown is <5% developed

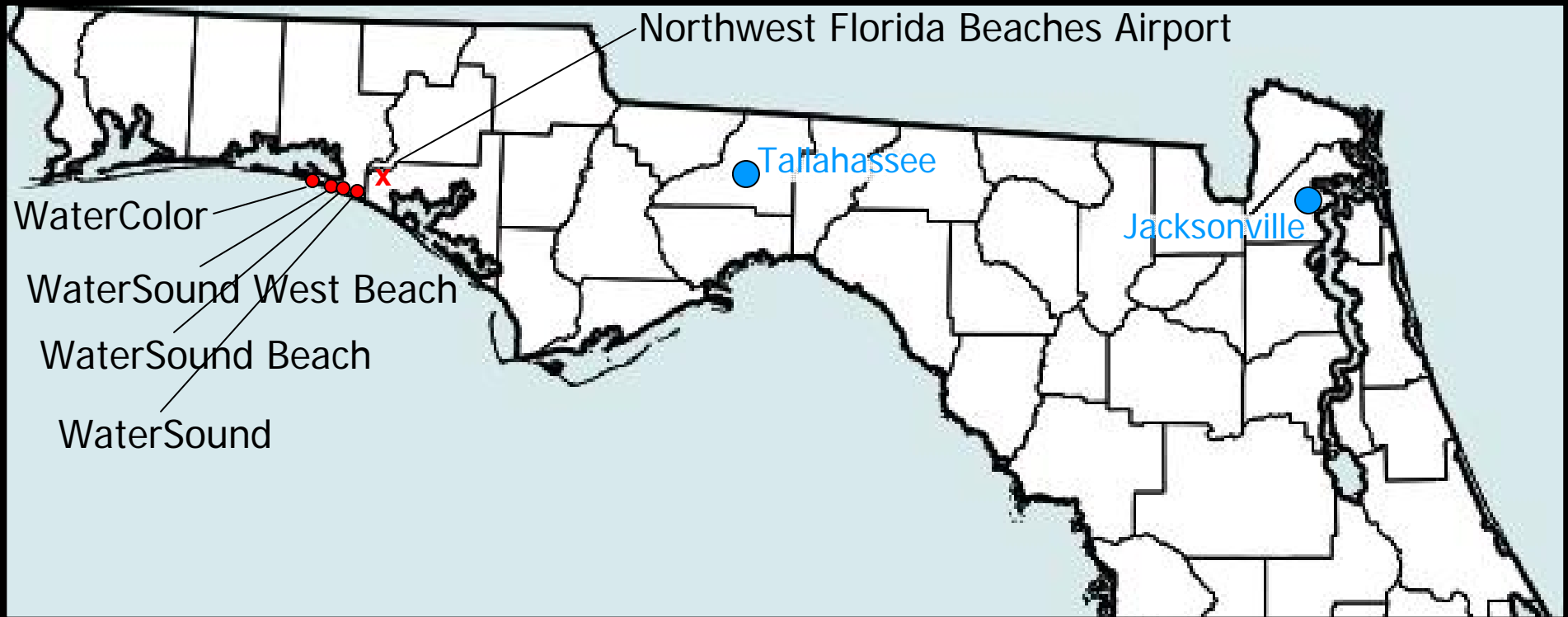
- Further development is non-economic
- 185 remaining developed lots at \$31,250/ lot = \$6 million in value
- Carrying value is \$74.5 million or \$400,000/ developed lot
- 9 years of supply implies values not going up

What exactly did JOE capitalize at RiverTown?

RiverTown development: Should be impaired

WaterColor & WaterSound

WaterColor & WaterSound, Walton County



JOE Has Already Sold its Best Assets

WaterColor is a nice property

- Management loves to show investors WaterColor
- BUT, WaterColor is ~90% developed & ~80% sold
- WaterColor is not impactful to the valuation or P&L going forward



Table 1
Summary of Land-Use Entitlements ⁽¹⁾
Active St. Joe Residential and Mixed-Use Projects
June 30, 2010

Project	Class. ⁽²⁾	County	Project Acres	Project Units ⁽³⁾	Residential Units Closed Since Inception	Residential Units Under Contract as of 6/30/10	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.) ⁽⁴⁾
In Development: ⁽⁵⁾								
Hawks Landing	PR	Bay	88	168	149	—	19	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	191	—	217	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	30	—	4,470	500,000
SouthWood	PR	Leon	3,370	4,770	2,535	—	2,235	4,535,588
SummerCamp Beach	RS	Franklin	762	499	82	5	412	25,000
WaterColor	RS	Walton	499	1,140	924	1	215	47,600
WaterSound	RS	Walton	2,425	1,432	29	—	1,403	457,380
WaterSound Beach	RS	Walton	256	511	446	—	65	29,000
WaterSound West Beach	RS	Walton	62	199	44	—	155	—
Wild Heron ⁽⁶⁾	RS	Bay	17	28	2	—	26	—
WindMark Beach	RS	Gulf	2,020	1,516	148	1	1,367	76,157
Subtotal			15,393	15,205	4,589	7	10,609	5,670,725

WaterColor



WaterSound Properties



WaterSound

“WaterSound, located on approximately 1,402 acres and currently planned for a 1,330-unit mixed-use development, is a resort community approximately three miles from WaterSound Beach north of U.S. 98 in Walton County. WaterSound land-use entitlements include 457,380 square feet of commercial space. The DRI process for WaterSound was completed in 2005. This resort town is being planned for the pre-retirement and second-home markets with six and nine-hole golf courses along with pools, beach access and other amenities. Sales at WaterSound are expected to begin in mid-2006.”

-JOE 2005 10-K, p.6



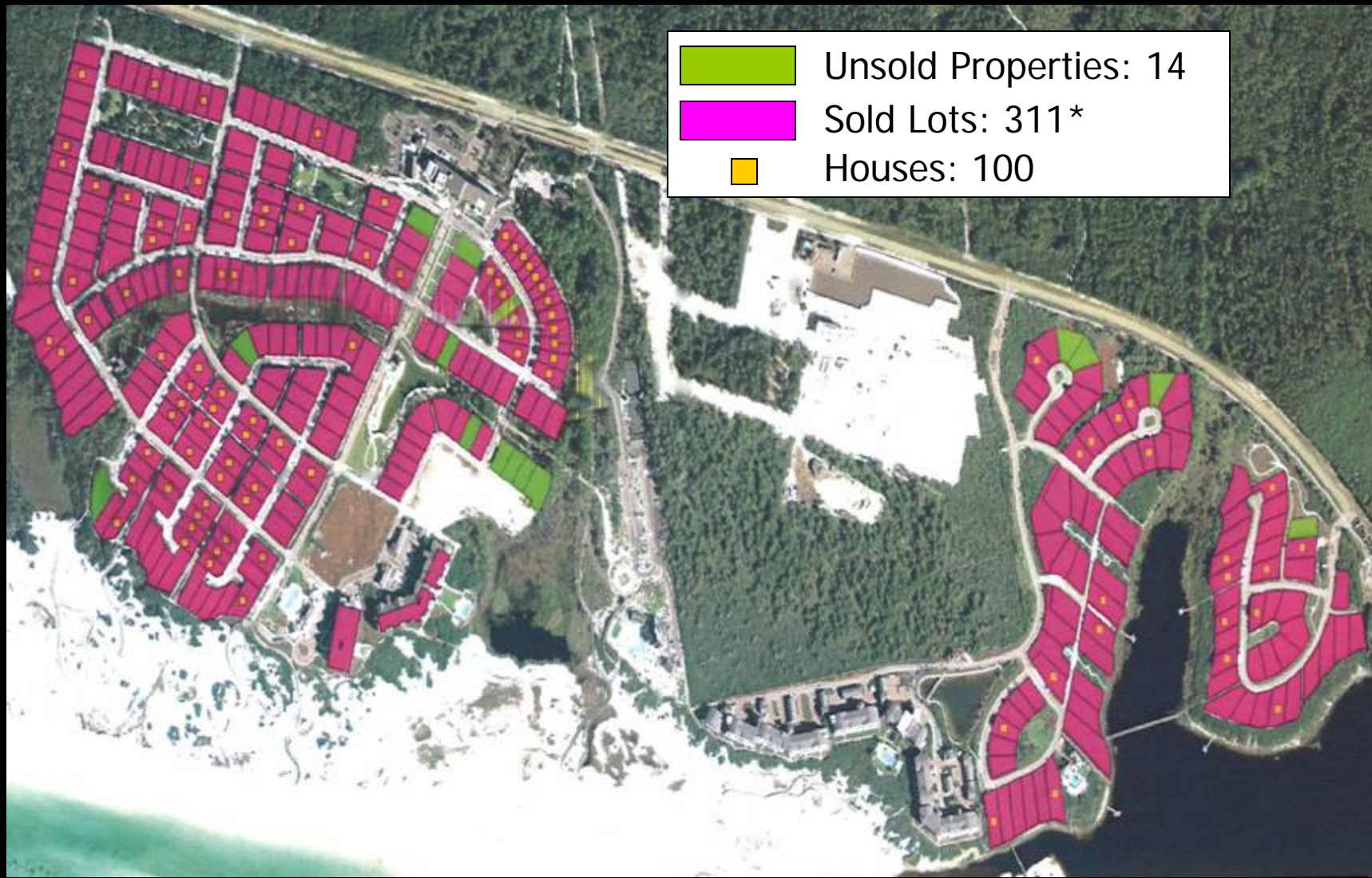
WaterSound Properties

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Active St. Joe Residential and Mixed-Use Projects
June 30, 2010

Project	Class. ⁽²⁾	County	Project Acres	Project Units ⁽³⁾	Residential Units Closed Since Inception	Residential Units Under Contract as of 6/30/10	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.) ⁽⁴⁾
In Development: ⁽⁵⁾								
Hawks Landing	PR	Bay	88	168	149	—	19	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	191	—	217	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	30	—	4,470	500,000
SouthWood	PR	Leon	3,370	4,770	2,535	—	2,235	4,535,588
SummerCamp Beach	RS	Franklin	762	499	82	5	412	25,000
WaterColor	RS	Walton	499	1,140	924	1	215	47,600
WaterSound	RS	Walton	2,425	1,432	29	—	1,403	457,380
WaterSound Beach	RS	Walton	256	511	446	—	65	29,000
WaterSound West Beach	RS	Walton	62	199	44	—	155	—
Wild Heron ⁽⁶⁾	RS	Bay	17	28	2	—	26	—
WindMark Beach	RS	Gulf	2,020	1,516	148	1	1,367	76,157
Subtotal			15,393	15,205	4,589	7	10,609	5,670,725

Source: JOE 2Q 2010 10-Q

WaterSound Beach



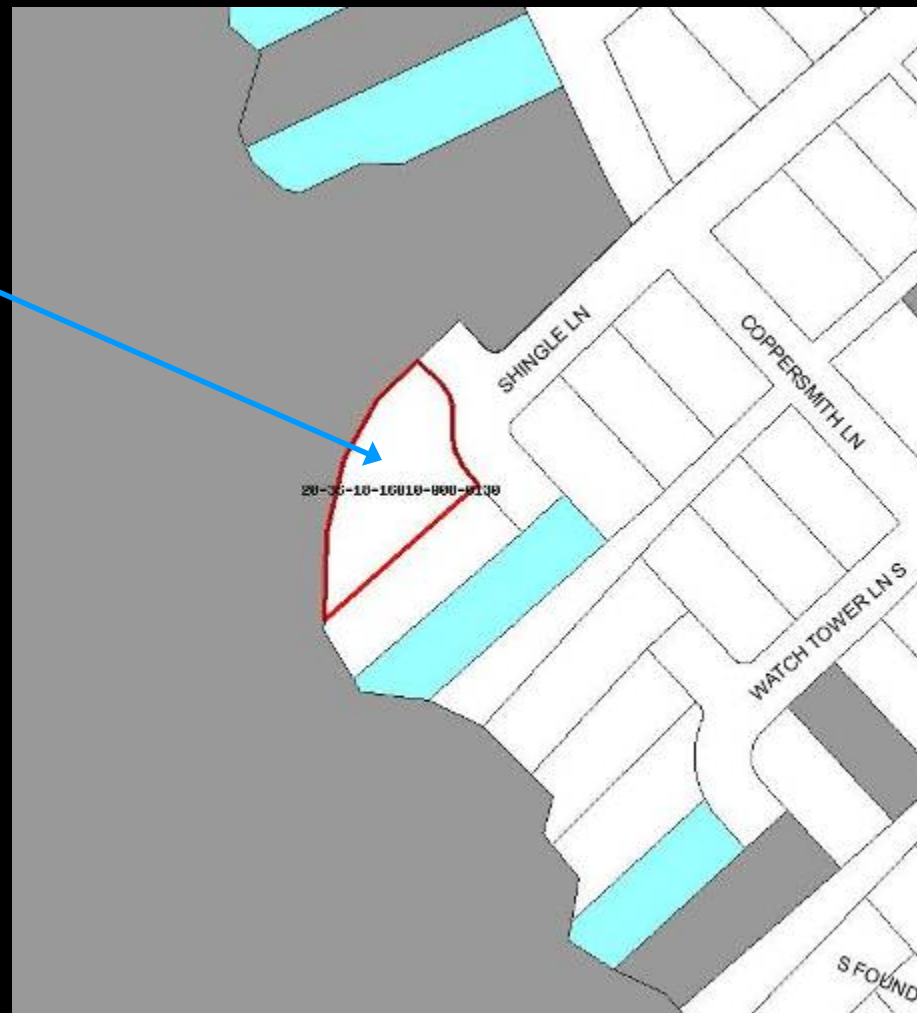
Source: Walton County Tax Appraisal Office

* Depiction of lot sales represents data as available June, 2010. Doesn't include condominium units

JOE's Last WaterSound Beachfront Lot Sale

JOE sold last
beachfront lot
9/20/10

Lot #13 Sale Price:
\$1,253,800



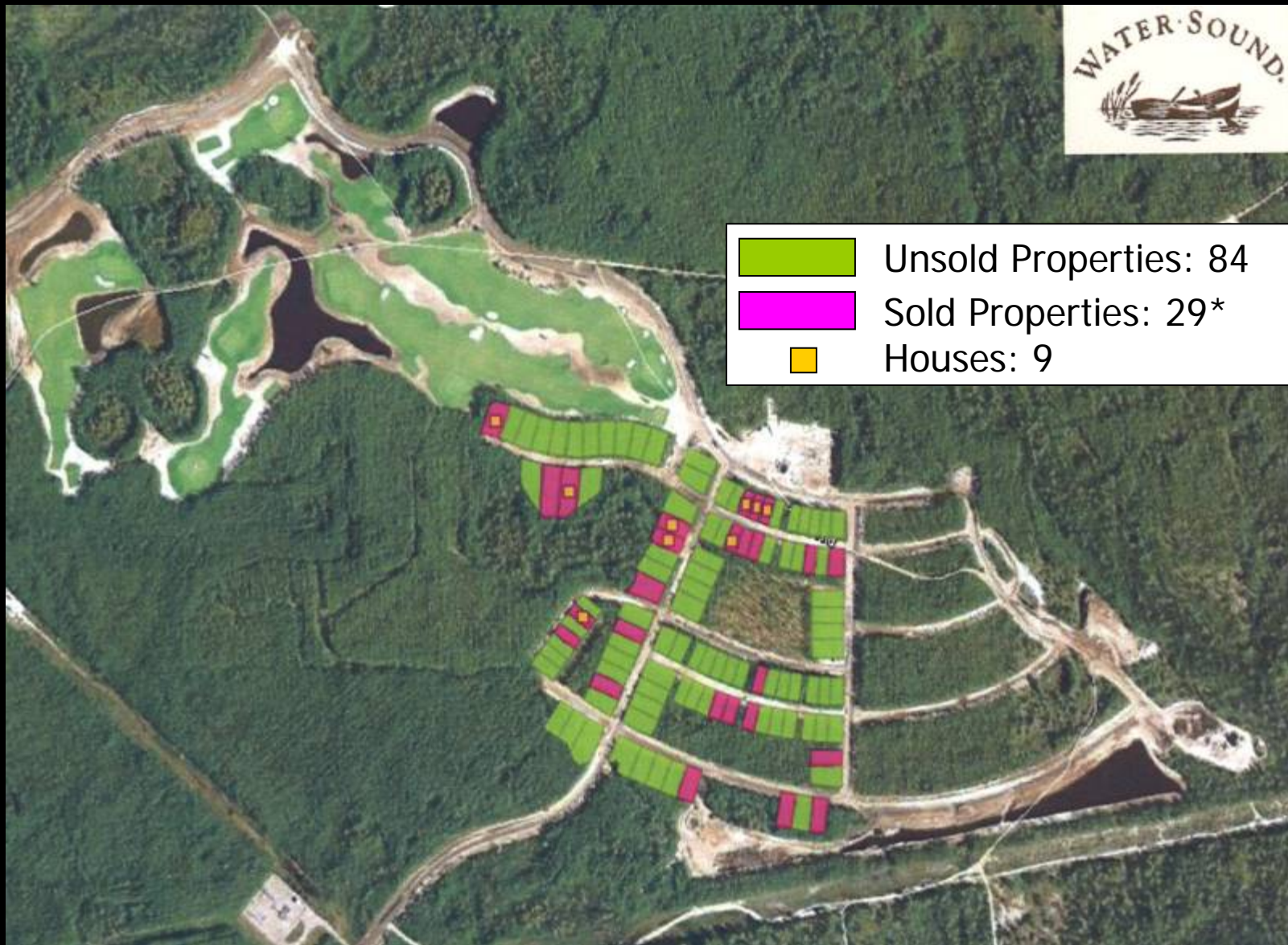
WaterSound West Beach



Source: Walton County Tax Appraisal Office

* Depiction of lot sales represents data as available June, 2010

WaterSound



Source: Walton County Tax Appraisal Office

* Depiction of lot sales represents data as available June, 2010



JOE's Biennial WaterSound Report

DRI Land Uses	DRI Entitlements	Initiated ⁽¹⁾ 2007-2008	Completed ⁽²⁾ 2007-2008	Cumulative Initiated	Cumulative Completed
Residential (Dwelling Units)	1,432 Units	0	0	211 Units	211 Units
Retail (Square Feet)	330,000 S.F.	0	0	0	0
Office (Square Feet)	127,380 S.F.	0	0	0	0
Golf (Holes)	38 Holes	0	24 Holes	0	24 Holes

Source: WaterSound North DRI, 2007-2008 Biennial Report, Table C-1

- Infrastructure construction started between January 1, 2007 and December 31, 2008
- Infrastructure construction completed between January 1, 2007 and December 31, 2008

JOE Has Developed & Sold the Best Property

WaterColor

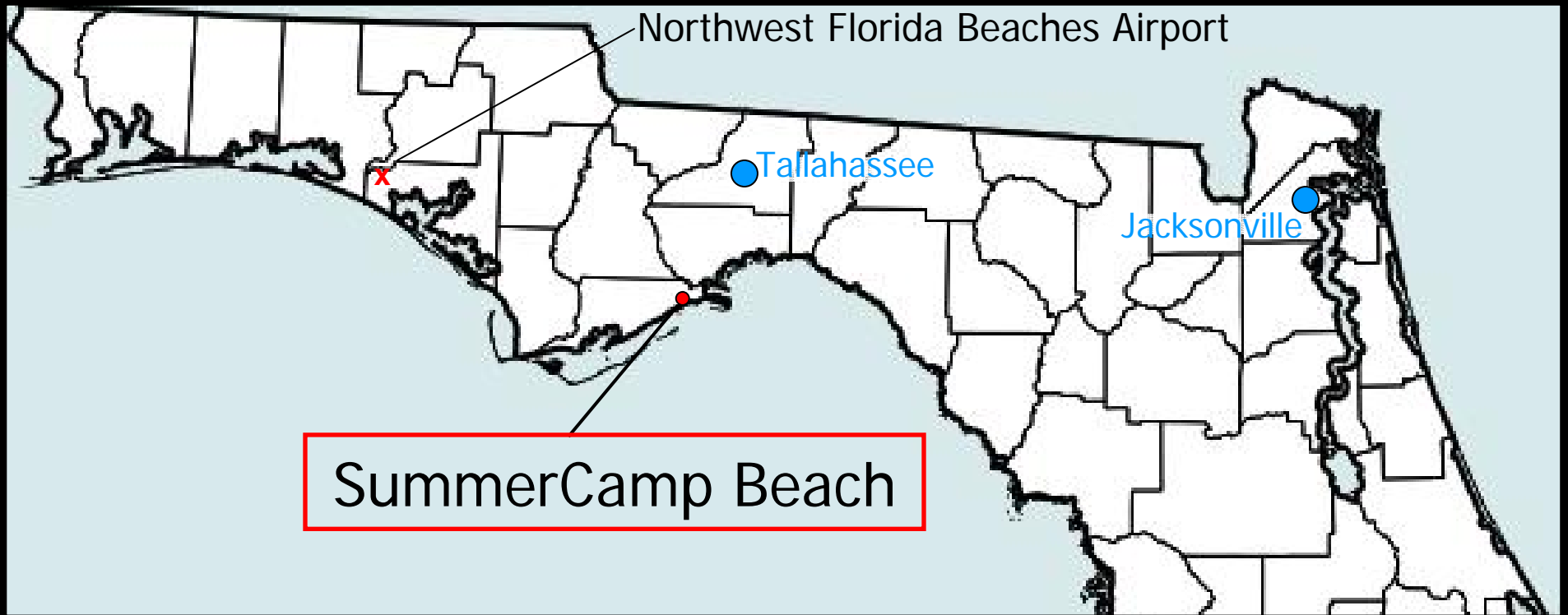
- 90% developed, 80% sold
- No beachfront property left

WaterSound

- Only interior lots left; most on the other side of Hwy 98
- Little demand for interior lots
- No beachfront property left

SummerCamp

SummerCamp, Franklin County



SummerCamp

“SummerCamp, in Franklin County, is situated on the Gulf of Mexico on approximately 762 acres. Plans include approximately 499 units, a beach club, a community dock and nature trails.”

- 2006 10-K, page 8

Franklin County Overview

Population⁽¹⁾: 11,280

- ~13% live in Franklin County's prison⁽²⁾

Labor Force⁽¹⁾: 4,934

Persons Per Square Mile⁽¹⁾: 21

Median Household Income⁽¹⁾: \$34,787

Major private sector employers⁽³⁾:

- Weems Memorial Hospital - 66
- Leavins Seafood - 55
- Greensteel Homes - 30

(1) US Census 2009 estimate, <http://quickfacts.census.gov>

(2) Inmate population information list, <http://www.dc.state.fl.us/activeinmates/list.asp?DataAction=Paging>

(3) <http://www.eflorida.com/floridasregionsSubpage.aspx?id=284>

Franklin County – Cutter Ridge

**CORRECTED
ORDINANCE 2003-4
FRANKLIN COUNTY, FLORIDA**

AN ORDINANCE REZONING APPROXIMATELY 9.88 ACRES IN SECTION 21, TOWNSHIP 7 SOUTH, RANGE 4 WEST LOCATED, EAST OF CARRABELLE, FROM A-2 FORESTRY AGRICULTURE TO R-1A SINGLE FAMILY SUBDIVISION.

WHEREAS, the Board of County Commissioners of Franklin County received a recommendation from the Franklin County Planning and Zoning Department for rezoning certain private real property, and

WHEREAS, the Board of County Commissioners of Franklin County conducted a public hearing with due public notice, and

WHEREAS, the copy of this ordinance adopted February 11, 2003, contains an error in the legal description of the parcel of private real property,

NOW, THEREFORE, BE IT ORDAINED BY THE FRANKLIN COUNTY BOARD OF COUNTY COMMISSIONERS that:

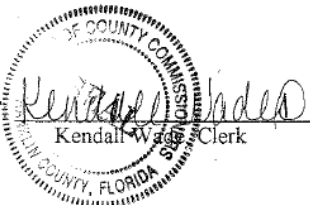
Approximately 9.88 acres in Section 21, Township 7 South, Range 4 West, located east of Carrabelle, as shown on the attached map and described in the legal description, is rezoned from A-2 Forestry Agriculture to R-1A Single Family Subdivision.

This ordinance corrected in open regular session this 17th day of February 2003, correct certain scrivener's errors in the ordinance adopted February 11, 2003.

THE FRANKLIN COUNTY BOARD OF COUNTY COMMISSIONERS

BY: 
Cheryl Sande

ATTEST:



AN ORDINANCE REZONING APPROXIMATELY 9.88 ACRES IN SECTION 21, TOWNSHIP 7 SOUTH, RANGE 4 WEST LOCATED, EAST OF CARRABELLE, FROM A-2 FORESTRY AGRICULTURE TO R-1A SINGLE FAMILY SUBDIVISION.



Franklin County – Cutter Ridge



Franklin County – Cutter Ridge

Summary of Land-Use Entitlements(1)
Active JOE Residential and Mixed-Use Projects in Florida
December 31, 2007

Project	Class(2)	County	Project Acres	Project Units(3)	Residential Units Closed Since Inception	Residential Units Under Contract as of 12/31/07(4)	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.)(4)
In Development: (5)								
Artsan Park(6)	PR	Osceola	175	618	564	—	54	—
Cutter Ridge	PR	Franklin	10	25	—	—	25	—
Hawks Landing	PR	Bay	88	168	129	—	39	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
Palmetto Trace	PR	Bay	141	481	480	—	1	—
Paseos(6)	PR	Palm Beach	175	325	325	—	—	—
Pinewood	PR	Bay	104	264	—	—	264	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	186	—	222	—
Rivercrest(6)	PR	Hillsborough	413	1,382	1,382	—	—	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	27	—	4,473	500,000
SevenShores (Perico Island)	RS	Manatee	192	686	—	—	686	9,000
SouthWood	VAR	Leon	3,370	4,770	2,243	301	2,226	4,577,360
St. Johns Golf & Country Club	PR	St. Johns	880	799	796	—	3	—
SummerCamp Beach	RS	Franklin	762	499	80	—	419	25,000
Victoria Park	PR	Volusia	1,859	4,200	1,402	81	2,717	818,654
WaterColor	RS	Walton	499	1,140	880	—	260	47,600
WaterSound	VAR	Walton	2,425	1,432	22	—	1,410	457,380
WaterSound Beach	RS	Walton	256	511	440	—	71	29,000
WaterSound West Beach	RS	Walton	62	199	31	—	168	—
Wild Heron(7)	RS	Bay	17	28	1	—	27	—
WindMark Beach	RS	Gulf	2,020	1,662	133	1	1,528	75,000
Subtotal			19,342	24,131	9,130	383	14,618	6,538,994

(5) A project is “in development when construction on the project has commenced. A project in “pre-development” has land-use entitlements but is still under internal evaluation or requires one or more additional permits prior to the commencement of construction.

Franklin County – Cutter Ridge

Summary of Land-Use Entitlements(1)
Active St. Joe Residential and Mixed-Use Projects
December 31, 2009

Project	Class.(2)	County	Project Acres	Project Units(3)	Residential Units Closed Since Inception	Residential Units Under Contract as of 12/31/09	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.)(4)
In Development: (5)								
Artisan Park(6)	PR	Osceola	175	616	616	—	—	—
Hawks Landing	PR	Bay	88	168	143	—	25	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	191	—	217	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	30	—	4,470	500,000
SouthWood	PR	Leon	3,370	4,770	2,535	—	2,235	4,535,588
SummerCamp Beach	RS	Franklin	762	499	82	—	417	25,000
Victoria Park(7)	PR	Volusia	1,859	4,200	1,891	—	—	—
WaterColor	RS	Walton	499	1,140	913	—	227	47,600
WaterSound	RS	Walton	2,425	1,432	28	1	1,403	457,380
WaterSound Beach	RS	Walton	256	511	446	—	65	29,000
WaterSound West Beach	RS	Walton	62	199	40	—	159	—
Wild Heron(8)	RS	Bay	17	28	2	—	26	—
WindMark Beach	RS	Gulf	2,020	1,516	148	—	1,368	76,157
Subtotal			17,427	20,021	7,074	1	10,637	5,670,725
In Pre-Development: (5)								
Avenue A	PR	Gulf	6	96	—	—	96	—
Bayview Estates	PR	Gulf	31	45	—	—	45	—
Bayview Multifamily	PR	Gulf	20	300	—	—	300	—
Beacon Hill	RR	Gulf	3	12	—	—	12	—
Beckrich NE	PR	Bay	15	74	—	—	74	—
Boggy Creek	PR	Bay	630	526	—	—	526	—
Bonfire Beach	RS	Bay	550	750	—	—	750	70,000
Breakfast Point, Phase 1	PR/RS	Bay	115	320	—	—	320	—
College Station	PR	Bay	567	800	—	—	800	—
Cutter Ridge	PR	Franklin	10	25	—	—	25	—

Footnote (5) new language: For certain projects in pre-development, some horizontal construction may have occurred, but no sales or marketing activities are expected in the foreseeable future.

SummerCamp



SummerCamp

West



East



SummerCamp





SummerCamp

Table 1
Summary of Land-Use Entitlements ⁽¹⁾
Active St. Joe Residential and Mixed-Use Projects
June 30, 2010

Project	Class. ⁽²⁾	County	Project Acres	Project Units ⁽³⁾	Residential Units Closed Since Inception	Residential Units Under Contract as of 6/30/10	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.) ⁽⁴⁾
In Development: ⁽⁵⁾								
Hawks Landing	PR	Bay	88	168	149	—	19	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	191	—	217	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	30	—	4,470	500,000
SouthWood	PR	Leon	3,370	4,770	2,535	—	2,235	4,535,588
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WaterColor	RS	Walton	499	1,140	924	1	215	47,600
WaterSound	RS	Walton	2,425	1,432	29	—	1,403	457,380
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WaterSound West Beach	RS	Walton	62	199	44	—	155	—
Wild Heron ⁽⁶⁾	RS	Bay	17	28	2	—	26	—
WindMark Beach	RS	Gulf	2,020	1,516	148	1	1,367	76,157
Subtotal			15,393	15,205	4,589	7	10,609	5,670,725

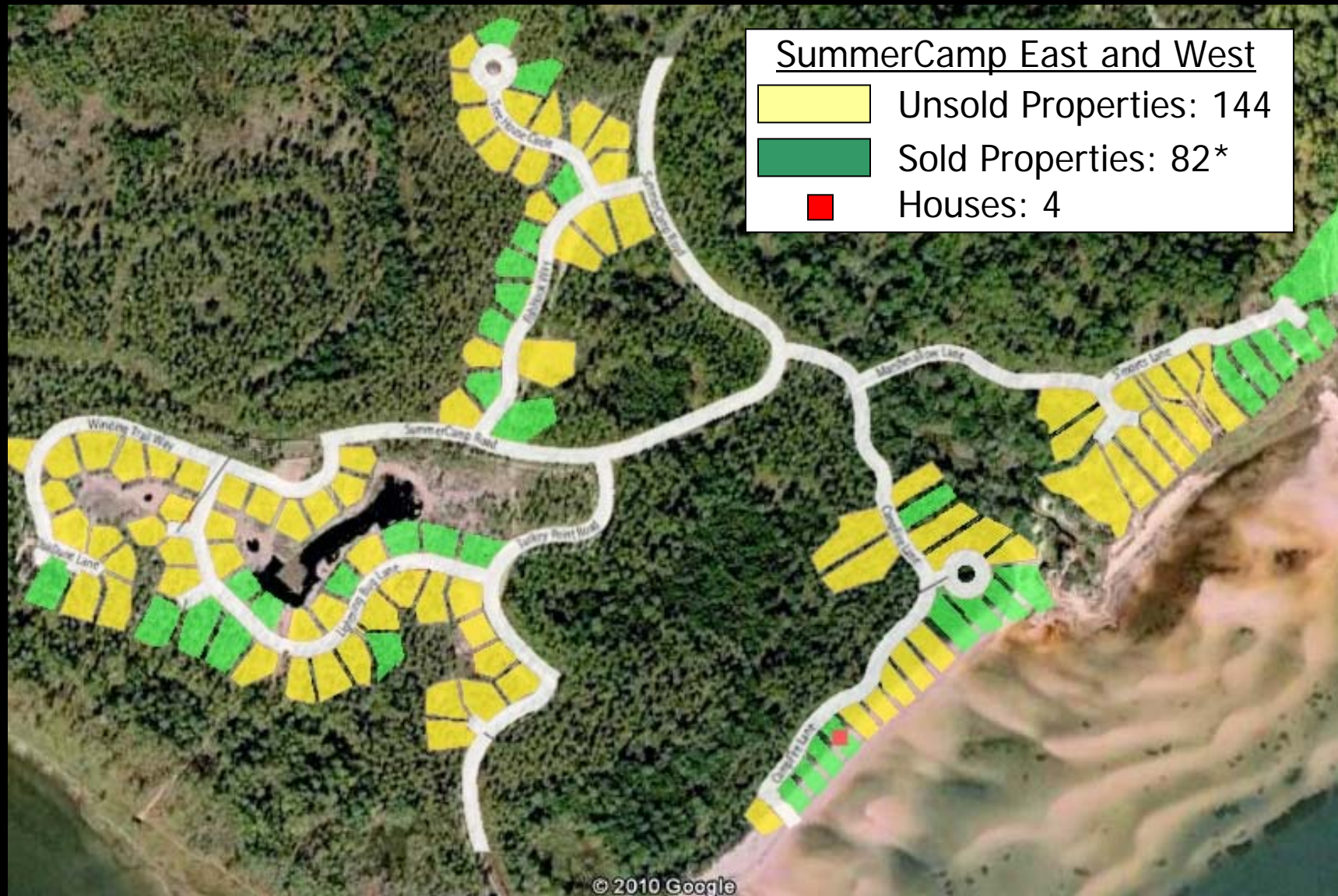
SummerCamp – West



Source: Franklin County Tax Appraisal Office

* Depiction of lot sales represents data as available June, 2010

SummerCamp – East



Source: Franklin County Tax Appraisal Office

* Depiction of lot sales represents data as available June, 2010

SummerCamp Beach Front Lot Sales 2006

Prepared By: Linda Melton
Residential Community Title Company
7900 Glades Rd Suite #200
Boca Raton, FL 33434
incidental to the issuance of a title insurance policy.
File Number: sum-78
Parcel ID #:

Inst:0200607820 Date:11/21/2006 Time:12:15
Doc Stamp-Deed : 30800.00
Sm DC, Marcia Johnson, FRANKLIN County B:920 P:155

SPECIAL WARRANTY DEED

This SPECIAL WARRANTY DEED, dated 11/10/06 by St. Joe Home Building, L.P., a Delaware limited partnership f/k/a St. Joe-Arvida Home Building, L.P., a Delaware limited partnership, whose address is 245 Riverside Avenue, Suite 500, Jacksonville, FL 32202, hereinafter called the GRANTOR, to White Sand Group, LLC, a Florida limited liability company whose address is 1400 Village Square Boulevard, #3-339, Tallahassee, FL 32312, hereinafter called the GRANTEE.

(Wherever used herein the terms "GRANTOR" and "GRANTEE" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals, and the successors and assigns of corporations.)

WITNESSETH: That the GRANTOR, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and unto the GRANTEE, all that certain land situate in Franklin County, FL, and more particularly described as follows:

Lots 462, 463, 464, 465 and 466, SUMMERCAMP EAST PHASE 1 A & B, according to the thereof, as recorded in Plat Book 9, Pages 32 through 47, inclusive, of the Public Records of Franklin County, Florida.

SUBJECT TO THE FOLLOWING:

1. Real property taxes for the year 2006 and subsequent years.
2. Zoning and other regulatory laws and ordinances affecting the land.
3. Easements, rights of way, reservations and covenants and restrictions of record.
4. Declaration of Covenants, Conditions, and Restrictions for SummerCamp ("Declaration") as recorded in Records Book 870, Page 1, Public Records of Franklin County, Florida, as amended and supplemented.
5. As set forth in the Declaration, there shall be imposed a Transfer Fee payable to the St. Joe Foundation, Inc. on all transfers of the Property.
6. That certain Memorandum of Agreement and Notice of Community Foundation Fee between Grantor and GRANTEE executed and recorded simultaneously herewith.

TOGETHER with all and singular tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, the same in fee simple forever.

AND THE GRANTOR hereby covenants with said GRANTEE that it is lawfully seized of the land hereby conveyed in fee simple; that it has good right and lawful authority to sell and convey said land; that it hereby specially warrants title to said land and will defend the same against the lawful claims of all persons claiming by, through or under the GRANTOR.

JOE sold 5 beach front
lots in November 2006

Average price per lot:
\$880,000⁽¹⁾

IN WITNESS WHEREOF, GRANTOR has signed and sealed these presents the date set forth above.

Signed, sealed and delivered in the presence of:

Linda Melton
Print Name: LINDA MELTON
Susan Saxton
Print Name: SUSAN SAXTON

St. Joe Home Building, L.P., a Delaware limited partnership

By: St. Joe West Florida Contracting, Inc.,
a Florida corporation, general partner

By: Wm. Britton Greene
Name: Wm. Britton Greene
Title: President

STATE OF FLORIDA
COUNTY OF PALM BEACH

THE FOREGOING INSTRUMENT was acknowledged before me this 10th day of November, 2006 by Wm. Britton Greene as President of St. Joe West Florida Contracting, Inc., as general partner of St. Joe Home Building, L.P., a Delaware limited partnership, on behalf of the corporation. He/She is personally known to me.

(SEAL)

Linda Melton
Notary Public

Inst:0200607820 Date:11/21/2006 Time:12:15
Doc Stamp-Deed : 30800.00
DC, Marcia Johnson, FRANKLIN County B:920 P:155

Linda Melton
Commission #00181217
Expires: Mar 08, 2007
Bonded Thru
Atlantic Bonding Co., Inc.

SummerCamp Beach Front Lot Sales 2010

Inst:201019004017 Date:7/13/2010 Time:3:20 PM
Doc Stamp-Deed:11550.00
CBS DC, Marcia Johnson, Franklin County B:1015 P:132

Parcel No. 35-06S-03W-1000-0000-0369,
35-06S-03W-1000-0000-0467, 35-06S-03W-1000-0000-0468,
35-06S-03W-1000-0000-0469, 35-06S-03W-1000-0000-0470

SPECIAL WARRANTY DEED

THIS INDENTURE, made this 8th day of July, 2010, by and between THE ST. JOE COMPANY, a Florida corporation, with its principal office and place of business being at 245 Riverside Avenue, Suite 500, Jacksonville, FL 32202, hereinafter called "Grantor", and White Sands II, LLC, a Florida limited liability company, whose address is 1625 Summit Lake Drive, Suite 229, Tallahassee FL 32317, hereinafter called "Grantee",

WITNESSETH:

That the Grantor, for and in consideration of the sum of Ten Dollars and other value consideration to the Grantor, to it in hand paid by the Grantee, the receipt of which is here acknowledged, has granted, bargained and sold, to the Grantee, its successors and assigns forever, the following described property situate, lying and being in Franklin County, Florida:

Lots 369, 467, 468, 469 and 470, of SUMMERCAMP EAST, PHASE I A & B, according to the Plat thereof as recorded in Plat Book 9, Pages 32 through 47, of the Public Records of Franklin County, Florida.

TOGETHER with the tenements, hereditaments and appurtenances belonging to said Property.

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Real property taxes and assessments for 2010 and subsequent years;
2. Zoning and other regulatory laws and ordinances affecting the Property;
3. Easements, reservations, restrictions, rights of way, and other matters of record;
4. That certain Declaration of Covenants, Conditions and Restrictions for Summercamp East, Phase I A & B, recorded in Book 870, Page 1, et seq., of the Public Records of Franklin County, Florida, as amended, supplemented, modified or changed; and
5. All matters contained on the plat of Summercamp East, Phase I A & B, as recorded in Plat Book 9, Pages 32 through 47.

JOE sold 4 beach front lots July 2010

Average price per lot:
~\$331,000⁽¹⁾

IN WITNESS WHEREOF, the Grantor has signed its name and affixed its seal the day and year first above written.

Signed, sealed and delivered in the presence of:

Kim Collins
Signature of Witness

Kim Collins
Printed Name of Witness

Susan A. McHugh
Signature of Witness

Susan A. McHugh
Printed Name of Witness

STATE OF FLORIDA
COUNTY OF St. Johns

I HEREBY CERTIFY that on this 8th day of July, 2010, before me personally appeared Tom Spencer, the Senior Vice President - Residential, of The St. Joe Company, who produced his FL DL as identification, and who executed the foregoing and acknowledged to me the execution of said deed.

Witness my signature and official seal at (City) St. Augustine, in the County of St. Johns, and State of Florida, the day and year above first written.

Dumba Cella
NOTARY PUBLIC
STATE OF FLORIDA

(1) Franklin County Property Appraiser's website, <http://qpublic.net/franklin/index.html>. Sale included 1 interior lot with structure, appraised at \$326,628. Excluding this lot, the beach front lots sold for approximately \$331K / lot.

JOE Provided Mortgage for 2010 Sales

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT, dated as of July 8, 2010, is made by White Sands II, LLC, a Florida limited liability company, whose mailing address is 1625 Summit Lake Drive, Suite 229, Tallahassee FL 32317, herein called the "Mortgagor", to and in favor of The St. Joe Company, a Florida corporation, whose address is 245 Riverside Avenue, Suite 500, Jacksonville, FL 32202, herein called the "Mortgagee", with the terms Mortgagor and Mortgagee, respectively, to include their respective heirs, personal representatives, executors, administrators, successors and assigns, and shall denote the singular and/or plural and the masculine and /or feminine and natural and/or artificial persons whenever and wherever the context so requires.

WITNESSETH

That for good, valuable, and adequate consideration and also in consideration of the aggregate sum named in the promissory note hereinafter described, the Mortgagor does hereby confirm, alien, mortgage, pledge, encumber, collaterally assign and grant a lien and security interest to and in favor of the Mortgagee, the property of which the Mortgagor is now seized and possessed and in actual possession, situate in the County of Franklin, State of Florida, (hereinafter referred to as the "property" or the "premises" or the "mortgaged premises"), described as follows, to-wit:

Lots 467, 468, 469 and 470, of SUMMERCAMP EAST, PHASE 1 A & B, according to the Plat thereof as recorded in Plat Book 9, Pages 32 through 47, of the Public Records of Franklin County, Florida.

TOGETHER WITH hereafter on said land, and all in connection with said premises, sprinkler systems, furnaces, encumbering any and all materials, roofing materials, electrical equipment placed upon the mortgaged premises and as to any property which instrument is also deemed to be creating a security interest in the Uniform Commercial Code.

TO HAVE AND TO ENJOY appurtenances thereunto belonging, issued by governmental agencies.

way pertaining to the mortgaged premises, all rights-of-way and/or water rights used or available in connection with the mortgaged premises, and the rents, issues and profits thereof unto the Mortgagee in fee simple.

PROVIDED ALWAYS, that if the Mortgagor shall pay unto the Mortgagee the obligation evidenced by a promissory note of even date herewith in the original principal amount of One Million One Hundred Two Thousand Five Hundred and no/100 Dollars (\$1,102,500.00), plus interest (sometimes referred to herein as "the note" or "promissory note" or "the loan"), the terms, provisions and conditions of which are incorporated herein by reference, including any and all extensions, renewals, modifications and substitutions of and for said promissory note, as well as all future advance loans and other indebtedness secured hereby, and shall fully comply with, perform, and abide by each and every of the stipulations, agreement, covenants, and conditions of the note and of this mortgage and of any other loan agreement executed by the Mortgagor in connection with or pertaining to the loan evidenced by the promissory note and secured by this mortgage, then this mortgage and the lien hereby created shall cease and be satisfied.

JOE provided the mortgage for the sale of the 4 beach front lots



SummerCamp Interior Lot Listings

2010:

- Interior lots offered by JOE for as low as \$39k⁽¹⁾

2005 -2006:

- Interior (non beach front) lots sold for ~\$150k to \$165k ⁽²⁾

SummerCamp Beach Released Lot Pricing 8/15/2010		
LOT	Price with Valid Approved Builder Contract	Price w/o Valid Approved Builder Contract
130	\$39,000	\$99,900
131	\$39,000	\$99,900
132	\$39,000	\$99,900
133	\$39,000	\$99,900
134	\$39,000	\$99,900
135	\$39,000	\$99,900
136	\$39,000	\$99,900
137	\$39,000	\$99,900
138	\$39,000	\$99,900
139	\$39,000	\$99,900
140	\$59,000	\$139,900
141	\$59,000	\$149,900
143	\$59,000	\$149,900
144	\$59,000	\$149,900
145	\$59,000	\$124,900
146	\$59,000	\$124,900
147	\$59,000	\$119,900
148	\$59,000	\$119,900
154	\$59,000	\$149,900
155	\$59,000	\$149,900
156	\$59,000	\$149,900
157	\$59,000	\$149,900
158	\$59,000	\$149,900

(1) Listing offered by SummerCamp executive realtor. Deal is contingent upon home built within six months of purchase.

(2) Franklin County Property Appraiser's website, <http://qpublic.net/franklin/index.html>

Franklin County Values

	Lots	Sale Price	Total Value
Cutter Ridge	N/A	N/A	minimal
SummerCamp:			
Remaining Beachfront Lots	23	\$330,000	\$7,590,000
Remaining Interior Lots	121	\$60,000	\$7,260,000
Total			\$14,850,000

\$41,768,000 = JOE's carrying value of residential real estate for Franklin County⁽¹⁾



Franklin County Carrying Value

THE St. JOE COMPANY

SCHEDULE III (CONSOLIDATED) — REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 2009 (in thousands)

Description	Initial Cost to Company				Carried at Close of Period			Accumulated Depreciation
	Encumbrances	Land	Buildings & Improvements	Costs Capitalized Subsequent to Acquisition	Land & Land Improvements	Buildings and Improvements	Total	
<i>Franklin County, Florida</i>	—	—	—	—	—	—	—	—
Land with infrastructure	—	44	—	10	54	—	54	6
Residential	—	8,778	—	32,990	41,768	—	41,768	407
Timberlands	28	1,241	—	1,234	2,475	—	2,475	16
Unimproved Land	—	210	—	5	215	—	215	—
Buildings	—	—	731	1,830	—	2,561	2,561	526

\$41.8M = Carrying value of SummerCamp and CutterRidge residential real estate

SummerCamp Conclusions

SummerCamp is <16% sold

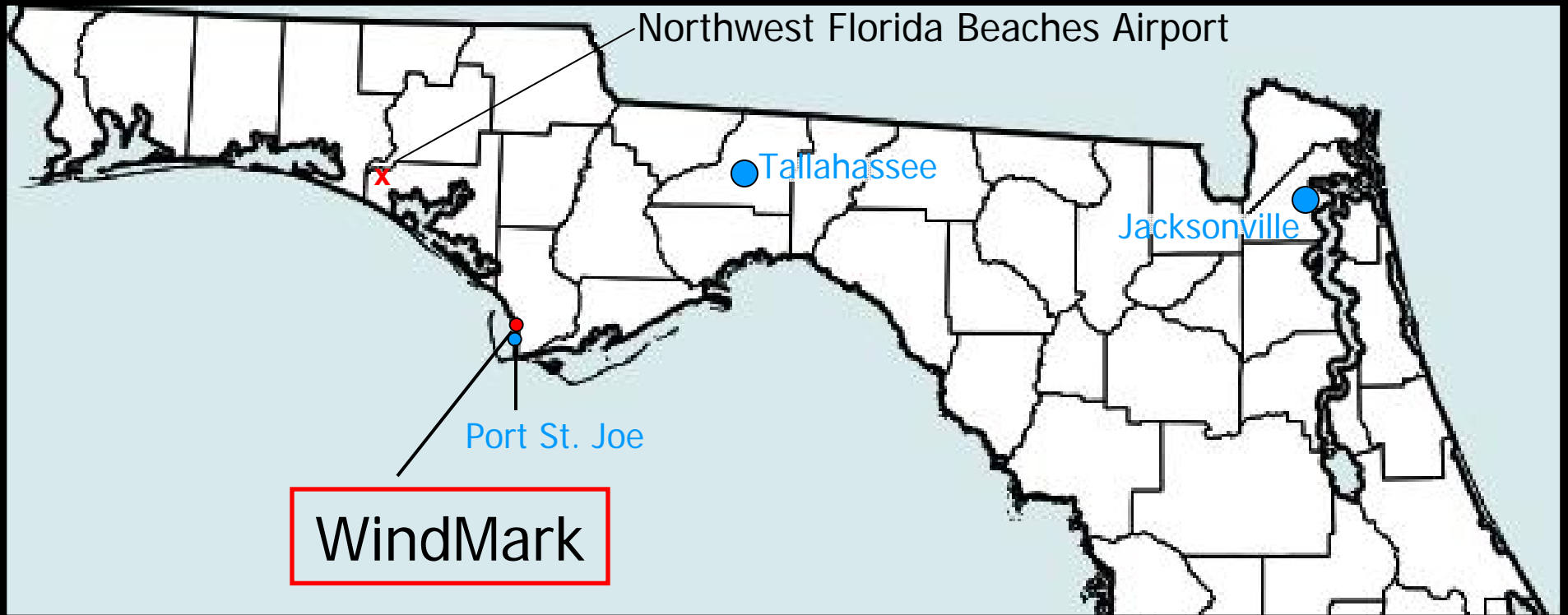
- 144 remaining developed lots generously valued at \$15 million
- Carrying value is \$42 million or ~\$290,000 per developed lot
- The area is sparsely populated

What exactly did JOE capitalize at SummerCamp?

SummerCamp development: Should be impaired

WindMark

WindMark, Gulf County



WindMark

“WindMark Beach is situated on approximately 2,020 acres in Gulf County near the town of Port St. Joe and includes approximately 15,000 feet of beachfront. This beachfront resort destination is planned to include approximately 1,662 units at full build-out, together with 75,000 square feet of commercial space. Construction to realign approximately four miles of U.S. Highway 98 away from the beachfront was completed in 2006. Sales in the second phase of WindMark Beach began in 2006.”

- 2006 10-K, page 8

Gulf County Overview

Population⁽¹⁾: 15,755

Labor Force⁽¹⁾: 6,411

Persons Per Square Mile⁽¹⁾: 29

Median Household Income⁽¹⁾: \$38,632

Major private sector employers⁽²⁾:

- GAC Contractors - 207
- Bay St. Joseph Care Center - 150
- Piggly Wiggly – 85
- Fairpoint Communications – 58

(1) US Census 2009 estimate, <http://quickfacts.census.gov>

(2) <http://www.eflorida.com/floridasregionsSubpage.aspx?id=284>

JOE Sales Office – Port St. Joe



WindMark



WindMark





Table 1
Summary of Land-Use Entitlements ⁽¹⁾
Active St. Joe Residential and Mixed-Use Projects
June 30, 2010

Project	Class. ⁽²⁾	County	Project Acres	Project Units ⁽³⁾	Residential Units Closed Since Inception	Residential Units Under Contract as of 6/30/10	Total Residential Units Remaining	Remaining Commercial Entitlements (Sq. Ft.) ⁽⁴⁾
In Development: ⁽⁵⁾								
Hawks Landing	PR	Bay	88	168	149	—	19	—
Landings at Wetappo	RR	Gulf	113	24	7	—	17	—
RiverCamps on Crooked Creek	RS	Bay	1,491	408	191	—	217	—
RiverSide at Chipola	RR	Calhoun	120	10	2	—	8	—
RiverTown	PR	St. Johns	4,170	4,500	30	—	4,470	500,000
SouthWood	PR	Leon	3,370	4,770	2,535	—	2,235	4,535,588
SummerCamp Beach	RS	Franklin	762	499	82	5	412	25,000
WaterColor	RS	Walton	499	1,140	924	1	215	47,600
WaterSound	RS	Walton	2,425	1,432	29	—	1,403	457,380
WaterSound Beach	RS	Walton	256	511	446	—	65	29,000
WaterSound West Beach	RS	Walton	62	199	44	—	155	—
Wild Heron ⁽⁶⁾	RS	Bay	17	28	2	—	26	—
WindMark Beach	RS	Gulf	2,020	1,516	148	1	1,367	76,157
Subtotal			15,393	15,205	4,589	7	10,609	5,670,725

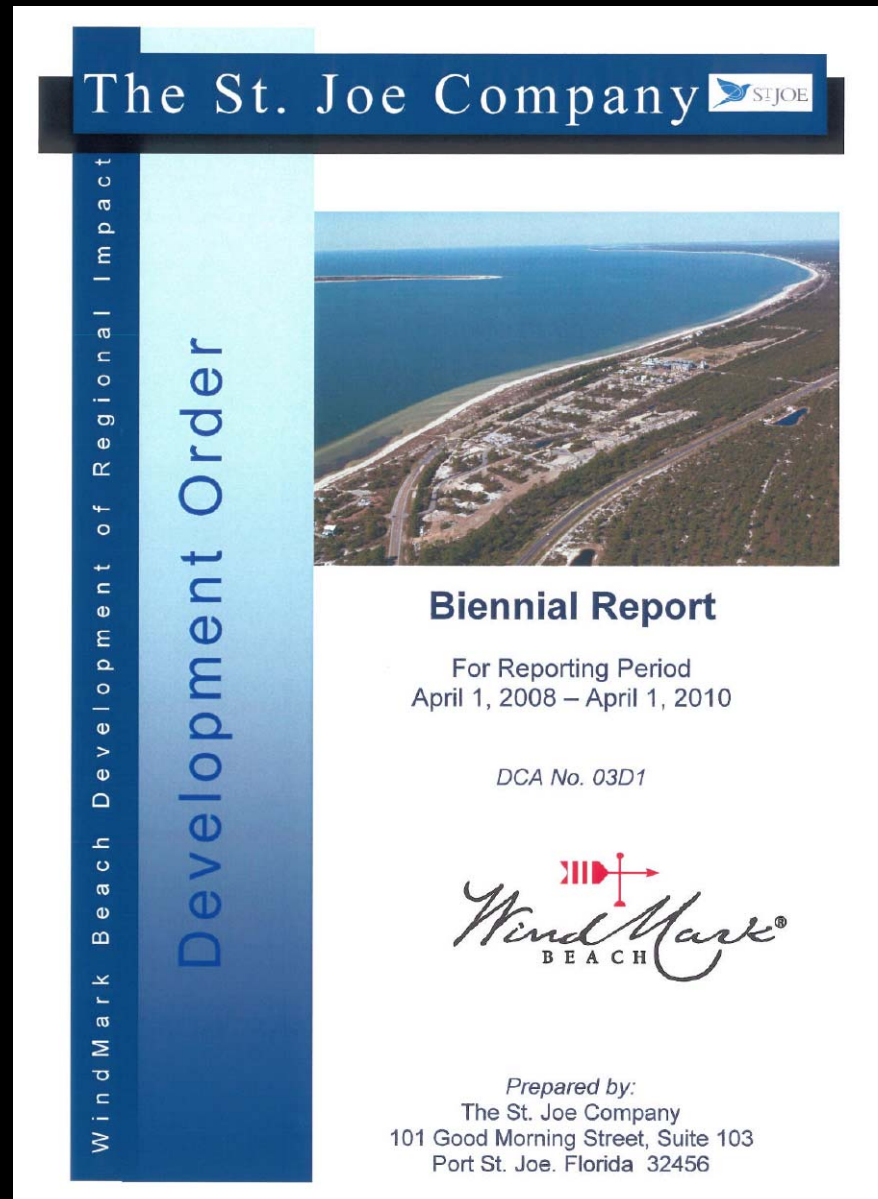
WindMark- Phase II



Source: Gulf County Tax Appraisal Office

* Depiction of lot sales represents data as available June, 2010

JOE's Biennial Monitoring Report





WindMark Development Progress

Land Use Type	Proposed This Period <u>Phase I</u> 2004-2012	Built This Period <u>Phase I</u> 2004-2012	Measure (%)	Total Proposed To Date <u>Phase I & II</u> - 2004-2018	Built To Date	Measure (%)
Residential ⁽¹⁾	754 D.U.s	4 D.U.s	0.5%	1,516 D.U.s	49 D.U.s	3.2%
Retail ⁽²⁾	25,000 S.F.	0	0.0%	65,000 S.F.	26,157 S.F.	40.2%
Office	10,000 S.F.	0	0.0%	10,000 S.F.	4,545 S.F.	45.0%
Inn	264 Rooms	0	0.0%	278 Rooms	0	0.0%
Golf/Residential	18 Holes	0	0.0%	18 Holes	0	0.0%
Beach Access	2 Sites	0	100.0%	2 Sites	2 Sites	100.0%
Day Docks	6	0	0.0%	9	3	33.3%
Common Space	1,012 Acres	0	0.002%	1,012 Acres	2.3 Acres	0.002%

Source: WindMark DRI, April 1, 2008 - April 1, 2010 Biennial Report, Exhibit C –Summary of Comparison of Development Activity

(1) D.U.s refer to dwelling units which includes condominium units.

(2) The figures shown above are not inclusive of ancillary uses and facilities customarily incidental to property uses (i.e., storage, maintenance, mechanical, common, etc.)

WindMark Phase I Beachfront Lot Sale 2009

Prepared by
Darlene Robinson, an employee of
First American Title Insurance Company d/b/a Bay County Land & Abstract Company
11-A West 23rd Street
Panama City, Florida 32405
(850)763-8426

Return to: Grantee
File No.: 1006-2215360

Inst:200923004372 Date:10/20/2009 Time:3:55 PM
Doc Stamp-Deed:2450.00
DC,Rebecca L. Norris,Gulf County B:482 P:9

SPECIAL WARRANTY DEED

State of Florida
County of Bay

THIS SPECIAL WARRANTY DEED is made on October 15, 2009, between

Regions Bank, an Alabama Banking Corporation

having a business address at: 215 Forrest Street, Hattiesburg, MS 39401
("Grantor") and

Phillip R. Lubbers and Susan E. Lubbers, husband and wife

having a mailing address of: 3678 Mossy Creek Lane, Tallahassee, FL 32311
("Grantee"),

WITNESSETH, that the said Grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other valuable considerations, receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold, remised, released, conveyed and confirmed unto said "Grantee", it's successors and assigns forever, following described land, situate, lying and being in the County of **Gulf**, State of **Florida**, to-wit:

Lot 4 of WINDMARK BEACH, according to the Plat thereof as recorded in Plat Book 4, Page(s) 1-5, of the Public Records of Gulf County, Florida.

Tax Parcel Identification Number: **04276-020R**

SUBJECT, however, to all reservations, covenants, conditions, restrictions and easements of record and to all applicable zoning ordinances and/or restrictions or requirements imposed by governmental authorities, if any.

TOGETHER with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD the same in fee simple forever.

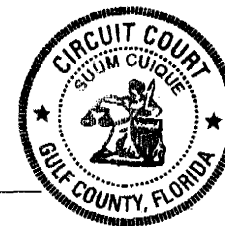
Beachfront lot sold in
WindMark Phase I
in October 2009

Sales price: \$350,000⁽¹⁾

IN WITNESS WHEREOF, first party has signed and sealed these presents on the 15
day of **October**, 2009.

Regions Bank, an Alabama Banking
Corporation

By: Joe Terrill, Vice President



Signed, sealed and delivered in our presence:

Witness Signature

Print Name: Steven Panser

State of Mississippi

County of Forrest

Witness Signature

Print Name: Frank Holifield

(1) Gulf County Property Appraiser's website, <http://www.qpublic.net/gulf/>
Represents the most recent comparable interior lot sale

WindMark Phase II Interior Lot Sale 2010

This Document Prepared By:
ServiceLink
4000 Industrial Boulevard
Aliquippa, PA 15001

Parcel ID #: R04259-346R
Return To:
ServiceLink
4000 Industrial Boulevard
Aliquippa, PA 15001
SL # 2158286

Inst:201023003630 Date:8/31/2010 Time:1:34 PM
Doc Stamp-Deed:728.00
C, Rebecca L. Norris, Gulf County B:495 P:830

Loan #: [REDACTED]

SPECIAL WARRANTY DEED

This SPECIAL WARRANTY DEED, dated August 24th 2010, Wachovia Mortgage Corporation, whose post office address is 8480 Stagecoach Circle Fredrick, MD 21701 hereinafter called the GRANTOR, Brenda W. Hederhorst and George Hederhorst, address 16318 Koester Street Houston, Tx. 77040, hereinafter called the GRANTEE:

(Wherever used herein the terms "Grantor" and "Grantee" include all parties to this instrument and the heirs, legal representatives and assigns of individuals, and the successors and assigns of corporations.)

WITNESSETH: That the GRANTOR, for and in consideration of the sum of **One Hundred Three Thousand Nine Hundred Thirty dollars and 00/100 (\$103,930.00)** other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the GRANTEE, all that certain land situate in Gulf County, FLORIDA, to wit: ALL THAT CERTAIN PARCEL OF LAND SITUATED IN GULF COUNTY, STATE OF FLORIDA, BEING KNOWN AND DESIGNATED AS FOLLOWS:

LOT 9, BLOCK 4, FISHERMAN'S VILLAGE NORTH AT WINDMARK BEACH, ACCORDING TO THE PLAT THEREOF, RECORDED IN PLAT BOOK 6, PAGES 16 THROUGH 19, INCLUSIVE, OF THE PUBLIC RECORDS OF GULF COUNTY, FLORIDA.

Parcel ID #: R04259-346R

Being the same property conveyed from, Becky Norris, Clerk of Court to record Wachovia Mortgage Corporation., on 12/23/2009 Book 484, Page 634 in the Gulf County Official records.

GRANTOR HEREBY AFFIRMS THE PROPERTY DESCRIBED HEREIN IS NON-HOMESTEAD. Seller makes no representations or warranties, of any kind or nature whatsoever, whether expressed, implied, implied by law, or otherwise, concerning the condition of the property.

SUBJECT TO covenants, conditions, restrictions, reservations, limitations, easements and agreements of record, if any; taxes and assessments for the year 2010 and subsequent years; and to all applicable zoning ordinances and/or restrictions and prohibitions imposed by governmental authorities, if any.

TOGETHER with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

Interior lot sold in
WindMark Phase II
in August 2010

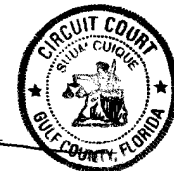
Sales price: \$104,000⁽¹⁾

IN WITNESS WHEREOF, GRANTOR has signed and sealed these presents the date set forth above.

By Wachovia Mortgage Corporation.

Signature: Chad Kuhl
Print Name: Chad Kuhl

Signature: [Signature]
Print Name: JOSH FOREMAN
Vice President Loan Documentation



Signature: [Signature]
Print Name: Wachovia Mortgage Corporation

SIGNED IN THE PRESENCE OF THE FOLLOWING WITNESSES:
Wachovia Mortgage Corporation

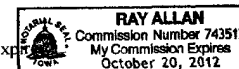
STATE OF Iowa
COUNTY OF POC

THE FOREGOING INSTRUMENT was acknowledged before me this 24th day of August, 2010 by

on behalf of the corporation. He/She is personally known to me or has produced _____ as identification.

(SEAL)

Notary Public
Print Name: RAY ALLAN
My Commission Expires October 20, 2012



(1) Gulf County Property Appraiser's website, <http://www.qpublic.net/gulf/>
Represents the most recent comparable interior lot sale

Gulf County Values

	Units	Sale Price	Total Value
WindMark Phase II:			
Beachfront Lots	17	\$350,000	\$5,950,000
Non-beachfront Lots	55	\$125,000	\$6,875,000
Condominium Units	N/A	N/A	\$5,000,000
Total			\$17,825,000

\$164,511,000 = JOE's
carrying value for Gulf County
residential real estate⁽¹⁾



WindMark Residential Carrying Value

THE St. JOE COMPANY

SCHEDULE III (CONSOLIDATED) — REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 2009 (in thousands)

Description	Initial Cost to Company				Carried at Close of Period			Accumulated Depreciation
	Encumbrances	Land	Buildings & Improvements	Costs Capitalized Subsequent to Acquisition	Land & Land Improvements	Buildings and Improvements	Total	
<i>Gulf County, Florida</i>	—	—	—	—	—	—	—	—
Land with infrastructure	—	1,586	—	3,876	5,462	—	5,462	—
Buildings	—	2,548	3,392	36,389	2,983	39,346	42,329	3,403
Residential	—	26,678	526	137,307	163,637	874	164,511	532
Timberlands	12,006	5,238	—	14,916	20,154	—	20,154	132

\$164.5M = Carrying value of
WindMark residential real estate

WindMark Conclusions

~224 developed residential lots of total planned 1,516

- < 15% of residential units in WindMark are developed

\$165M capitalized costs on balance sheet

- If we allocate those costs over 224 actual developed lots, that implies \$736,000 cost per lot
- Even if all remaining 1,367 lots were developed, that would imply > \$120,000 cost allocated to each lot before counting the future costs to develop them.

What exactly did JOE capitalize at WindMark?

WindMark Conclusions

WindMark commercial space is < 50% developed

- WindMark developed commercial space is 95% vacant
- \$42.3 million commercial capitalized costs in Gulf County that should be evaluated for impairment

WindMark development: Should be impaired

JOE's Capitalization Policy

“Costs associated with a specific real estate project are capitalized during the development period. We capitalize costs directly associated with development and construction of identified real estate projects. Indirect costs that clearly relate to a specific project under development, such as internal costs of a regional project field office, are also capitalized. We capitalize interest (up to total interest expense) based on the amount of underlying expenditures and real estate taxes on real estate projects under development. If we determine not to complete a project, any previously capitalized costs are expensed in the period such determination is made.”

– 2009 10-K, page 26

JOE's Risk Factor

“If the market values of our homesites, our remaining inventory of completed homes and other developed real estate assets were to drop below the book value of those properties, we would be required to write-down the book value of those properties, which would have an adverse affect on our balance sheet and our earnings.”

– 2009 10-K, page 12

JOE Impairment Examples (2008-2009)

<i>In Millions \$</i>	Victoria Park	Seven Shores	St. Johns Golf Course
Carrying Value Before Sale	78.8	42.0	6.5
Total Impairment Charges	<u>67.8</u>	<u>35.0</u>	<u>3.5</u>
Final Sales Price	11.0	7.0	3.0
<i>% of Carrying Value Before Sale</i>	<i>14.0%</i>	<i>16.7%</i>	<i>46.2%</i>

Victoria Park

Between 2003 and 2005:

- Homes sold for an average of \$240,000 each
- Lots sold for an average of \$99,000 each

By the end of 2009, nearly half (45%) of all planned residential units had been sold

Before its eventual write-down, Victoria Park's carrying value was \$78.8 million

Victoria Park

On December 17, 2009, JOE sold Victoria Park's remaining assets for \$11 million

- The remaining assets included 28 homes, 350 lots, 468 acres of undeveloped land, a golf course, and \$7.4 million notes receivable from builders
- Giving JOE the benefit of the doubt by ascribing no value to the golf course or the notes⁽¹⁾, we can estimate...
 - Homes sold for ~\$100,000 each
 - Lots sold for ~\$20,000 each
 - Undeveloped acres sold for ~\$2,000 each

JOE wrote down the Victoria Park assets on December 15, 2009, only two days before their sale

Source: 2009 10-K, except for estimated values of each asset (i.e., homes, lots and undeveloped land)

(1) Alternatively if the builder notes and golf course were money good, then JOE got nothing for the homes, lots and land.

Impairment

	<u>Victoria Park</u>	<u>RiverTown</u>	<u>SummerCamp</u>	<u>WindMark</u>
Year Started	2001	2000	2005	2001
County	Volusia	St. Johns	Franklin	Gulf
Planned Final Units	4,200	4,500	499	1,516
Units Sold	1,891	30	82	148
<i>% of Planned Units</i>	<i>45%</i>	<i><1%</i>	<i>16%</i>	<i>10%</i>

Impairment

(in millions \$)	<u>RiverTown</u>	<u>SummerCamp</u>	<u>WindMark</u>	<u>Total</u>
County	St. Johns	Franklin	Gulf	
Residential Real Estate Carrying Value	74.5	41.8	164.5	280.8
What We Can See	<u>6.0</u>	<u>14.9</u>	<u>17.8</u>	<u>38.7</u>
Impairment	?	?	?	???

Why haven't these been written down?

○ Amenities & CRE Impairments

JOE has a carrying value of \$173 million in residential real estate amenities including an inn, golf courses, beach clubs, parks and common areas

- These amenities generate ~\$30 million in revenues per year and lose ~\$3 million per year
- Amenities should be evaluated for impairment

JOE has a carrying value of \$59 million related to commercial real estate

- Revenues are minimal, vacancies are high
- Commercial real estate should be evaluated for impairment

Conclusions

- The best stuff has been sold
- Real estate development has not had a positive return even if the financials are correct
- JOE needs to take substantial impairment
- Further development destroys value
- JOE seems to understand this and has stopped investing

Legal Lottery Hopes

Latest & Greatest: Deepwater Horizon Disaster

JOE files suit against Halliburton, M-I SWACO and Transocean

- Defining damages as stock price decline of 40%

JOE sues for damages while advertising to the public
the beaches are wonderful

Latest & Greatest: Deepwater Horizon Disaster

“In fact, our St. Joe beaches have been fortunate to experience minimal tar balls recently and have necessitated fewer workers to accomplish the slight clean-up required. We have similarly reduced the number of private workers required to maintain our beautiful beaches.” — JOE Website



Legal Lottery Conclusion

- No real damage
- Not aware of precedent for recovering lost stock market value
- JOE only went from being way-way overvalued to way overvalued

Summary & Conclusions

Summary

- Peter Rummell spent hundreds of millions of dollars developing St. Joe's land
- The best properties have been sold
- Many lots were sold to speculators during the boom
- When the boom ended, business essentially stopped

Summary

- JOE's developments are full of lots that former speculators or their banks would like to sell
- There is little evidence of how JOE spent so much money on these developments
- Many developments are ghost towns
- Little value remains

Summary

- When the boom ended, management distracted investors for several years with a “Wait for the airport!” story
- The airport is here, but presents little opportunity
- Now, management is trying to distract investors by blaming the oil spill and hoping for the “legal lottery” windfall

Summary

- If no impairment is needed, there has been a negative return on development, even with JOE selling its most desirable stuff
- If JOE needs to take an impairment, the return on development is highly negative
- It costs more to turn raw land into a finished lot than the lot is worth... and it isn't even close

Summary

- Further development is likely to destroy additional value
- JOE's highest and best use is to return to its pre-Rummell roots as a Rural Land company
- The rural land is worth \$650-950 million or \$7-10 per share
- There is a modest additional value for the 41,000 entitled acres

○ Strategic Dilemma

Management should sell the company...

But, it can't because the stock price is too high... (it would have to be a take-under)

So what is JOE doing?

Strategic Dilemma

- JOE is stuck
 - It can't build, it can't sell and it can't generate value to cover its operating costs
- JOE spends \$50 million a year, which it says it won't reduce
- JOE can fund that by selling 25,000 – 40,000 acres of rural land per year
- JOE sold 500,000+ acres in the last decade
- Rural land sales can fund about 15 years of overhead, provided JOE doesn't waste more money on development

○ Strategic Dilemma

- The bulls dream about what JOE's land might be worth in 20-30 years
- Reality is that by then there may be no rural land left, but...

There May Be Sites Left in RiverTown



"Henry and I are thinking of moving to one of those forests with lawn maintenance."